

IN THE UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF SOUTH CAROLINA
GREENVILLE DIVISION

UNITED STATES OF AMERICA

Plaintiff,

v.

JOHN HOWARD ALEXANDER, a/k/a
HOWARD IRA SMALL, INDIVIDUALLY
and AS TRUSTEE OF THE ALEXANDER
FAMILY TRUST

Defendant.

Civil No. 6:08-cv-03760-GRA

DECLARATION OF JAMES C. STRONG

1. I am a trial attorney with the Tax Division at the Department of Justice, representing the United States in this action. I was admitted *pro hac vice* to this Court on November 21, 2008. (Doc. # 6).

2. Attached to this Declaration is a true and correct copy of the deposition transcript of John Howard Alexander, taken on July 27, 2009.

3. Attached to this Declaration is a true and correct copy of the deposition transcript of Heather Ferguson, taken on July 27, 2009.

4. Attached to this Declaration as Exhibit 2 is a true and correct copy of a document entitled Mortgage of Real Estate, filed on October 16, 2003 in Greenville County, South Carolina.

5. Attached to this Declaration as Exhibit 3 is a true and correct copy of a document entitled Mortgage of Real Estate, filed on July 27, 2006 in Greenville County, South Carolina.

6. Attached to this Declaration as Exhibit 4 is a true and correct copy of a document entitled Title to Real Estate, filed on October 16, 2003 in Greenville County, South Carolina.

7. Attached to this Declaration as Exhibit 5 is a true and correct copy of a document entitled "Your Privacy and Asset Accumulation Guide – by FTG Version 10/00." The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 15.

8. Attached to this Declaration as Exhibit 6 is a true and correct copy of a separate document entitled "Your Privacy and Asset Accumulation Guide – by FTG Version 10/00." The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 16.

9. Attached to this Declaration as Exhibit 7 is a true and correct copy of a document entitled "Family Trust." The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 17.

10. Attached to this Declaration as Exhibit 8 is a true and correct copy of a document entitled "Management Trust." The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 18.

11. Attached to this Declaration as Exhibit 9 is a true and correct copy of a document entitled "Banking Trusts." The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 20.

12. Attached to this Declaration as Exhibit 10 is a true and correct copy of a document entitled "Holding Trusts." The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 19.

13. Attached to this Declaration as Exhibit 11 is a true and correct copy of a document that is a Table of Contents for "Aware Management Administrative Trusts." The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 22.

14. Attached to this Declaration as Exhibit 12 is a true and correct copy of a newsletter entitled "Aware American" and dated September 1996. The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 23.

15. Attached to this Declaration as Exhibit 13 is a true and correct copy of a document entitled "The Aware Group's Referral Program." The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 8.

16. Attached to this Declaration as Exhibit 14 is a true and correct copy of a document entitled "Getting Started." The document was attached to the deposition of John Howard Alexander as Plaintiff's Deposition Exhibit 13.

17. Attached to this Declaration as Exhibits A-F are true and correct copies of IRS Forms 4340, Certificate of Assessments reflecting the assessments made against John Howard Alexander for unpaid income taxes for Tax Years 1990-1995.

18. Attached to this Declaration as Exhibits G-K are true and correct copies of IRS Forms 4340, Certificate of Assessments reflecting the assessments made against John Howard Alexander for civil penalties under 26 U.S.C. § 6700 for Tax Years 2000-2004.

19. Attached to this Declaration as Exhibit L is a true and correct copy of a Notice of Deficiency issued to John Howard Alexander on May 20, 1998.

20. Attached to this Declaration as Exhibit M is a true and correct copy of a Notice of Federal Tax Lien filed in Greenville County, South Carolina on February 17, 2005.

21. Attached to this Declaration as Exhibit N is a true and correct copy of an Amended Notice of Federal Tax Lien filed in Greenville County, South Carolina on June 4, 2008.

22. Attached to this Declaration as Exhibit O is a true and correct copy of a Notice of Federal Tax Lien filed in Greenville County, South Carolina on October 1, 2007.

23. Attached to this Declaration as Exhibit P is a true and correct copy of a Notice of Federal Tax Lien filed in Greenville County, South Carolina on October 22, 2007.

24. Attached to this Declaration as Exhibit Q is a true and correct copy of a Notice of Federal Tax Lien filed in Greenville County, South Carolina on May 20, 2008.

25. Attached to this Declaration is a true and correct copy of the Court's unpublished opinion in *Noske v. United States*, 1993 WL 78311 (D. Minn. Jan. 14, 1993).

26. Attached to this Declaration is a true and correct copy of the Court's unpublished opinion in *United States v. Kahn*, 2004 WL 1089116 (M.D. Fla. Mar. 30, 2004).

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Dated: September 25, 2009.


JAMES C. STRONG

John Howard Alexander

July 27, 2009

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IN THE UNITED STATES DISTRICT COURT
DISTRICT OF SOUTH CAROLINA
C.A. NO. 6:08-CV-3760

UNITED STATES OF AMERICA,

PLAINTIFF,

VERSUS

JOHN HOWARD ALEXANDER,

DEFENDANT.

DEPOSITION OF JOHN HOWARD ALEXANDER

PURSUANT TO NOTICE AND/OR AGREEMENT, THE
DEPOSITION OF JOHN HOWARD ALEXANDER WAS CALLED BY THE
PLAINTIFF ON THE 27TH DAY OF JULY, 2009, COMMENCING AT
THE HOUR OF 12:54 P.M., AT THE OFFICE OF THE UNITED
STATES ATTORNEY, 105 NORTH SPRING STREET, GREENVILLE,
SOUTH CAROLINA, ATTENDED BY COUNSEL AS FOLLOWS:

JILL BISHOP EDWARDS

VERBATIM REPORTER

John Howard Alexander

July 27, 2009

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<p>1</p> <p>2</p> <p>3</p> <p>4</p> <p>5</p> <p>6 APPEARANCES</p> <p>7</p> <p>8</p> <p>9</p> <p>10 JAMES C. STRONG, ESQUIRE, OF THE</p> <p>11 UNITED STATES DEPARTMENT OF JUSTICE</p> <p>12 POST OFFICE BOX 7238</p> <p>13 BEN FRANKLIN STATION</p> <p>14 WASHINGTON, DISTRICT OF COLUMBIA 20044</p> <p>15 james.c.strong@usdoj.gov</p> <p>16</p> <p>17 ATTORNEY FOR THE PLAINTIFF,</p> <p>18</p> <p>19</p> <p>20 BRADLEY BENNETT, ESQUIRE, OF THE FIRM</p> <p>21 SALVINI AND BENNETT</p> <p>22 101 WEST PARK STREET</p> <p>23 GREENVILLE, SOUTH CAROLINA 29601</p> <p>24</p> <p>25 ATTORNEY FOR THE DEFENDANT.</p>	<p>1 PLAINTIFF'S EXHIBIT NUMBER 16, MARKED,</p> <p>2 YOUR PRIVACY AND ASSET ACCUMULATION GUIDE,</p> <p>3 ATTACHED..... 77</p> <p>4 PLAINTIFF'S EXHIBIT NUMBER 17, MARKED,</p> <p>5 DOCUMENT, ATTACHED..... 81</p> <p>6</p> <p>7 PLAINTIFF'S EXHIBIT NUMBER 18, MARKED,</p> <p>8 MANAGEMENT TRUSTS, ATTACHED..... 82</p> <p>9 PLAINTIFF'S EXHIBIT NUMBER 19, MARKED,</p> <p>10 HOLDING TRUSTS, ATTACHED..... 82</p> <p>11</p> <p>12 PLAINTIFF'S EXHIBIT NUMBER 20, MARKED,</p> <p>13 BANKING TRUSTS, ATTACHED..... 82</p> <p>14 PLAINTIFF'S EXHIBIT NUMBER 21, MARKED,</p> <p>15 OFFSHORE TRUSTS, ATTACHED..... 82</p> <p>16</p> <p>17 PLAINTIFF'S EXHIBIT NUMBER 22, MARKED,</p> <p>18 PURE TRUST INFORMATION, ATTACHED..... 84</p> <p>19 PLAINTIFF'S EXHIBIT NUMBER 23, MARKED,</p> <p>20 NEWSLETTER, ATTACHED..... 89</p> <p>21</p> <p>22 PLAINTIFF'S EXHIBIT NUMBER 24, MARKED,</p> <p>23 NEWSLETTER, ATTACHED..... 90</p> <p>24 PLAINTIFF'S EXHIBIT NUMBER 25, MARKED,</p> <p>25 NEWSLETTER, ATTACHED..... 91</p> <p>16</p> <p>17 PLAINTIFF'S EXHIBIT NUMBER 26, MARKED,</p> <p>18 CHECKS AND BANK STATEMENTS, ATTACHED..... 93</p> <p>19</p> <p>20 OBJECTIONS:</p> <p>21 BY MR. BENNETT.....76,101,101</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>
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John Howard Alexander

July 27, 2009

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<p>1 Q. GOOD AFTERNOON. I APOLOGIZE. WE'RE HERE TODAY ON 2 NOTICE TO TAKE THE DEPOSITION, TO TAKE YOUR 3 DEPOSITION TODAY IN THE CASE STYLED U.S.A. VERSUS 4 ALEXANDER IN THE U.S. DISTRICT COURT FOR THE 5 DISTRICT OF SOUTH CAROLINA. IN THE ROOM TODAY, WE 6 HAVE YOUR ATTORNEY, MR. BENNETT; YOURSELF; THE COURT 7 REPORTER; AND ME, JAMES STRONG. HAVE YOU EVER HAD 8 YOUR DEPOSITION TAKEN BEFORE, MR. ALEXANDER? 9 A. NO. 10 Q. OKAY. WELL, LET ME EXPLAIN A LITTLE BIT ABOUT 11 WHAT'S GOING TO HAPPEN. I'M GOING TO ASK YOU SOME 12 QUESTIONS AND YOU'LL ANSWER. IF AT ANY TIME I'M NOT 13 MAKING MYSELF CLEAR OR IF YOU'RE CONFUSED BY WHAT I 14 SAY, OR YOU KNOW, IF YOU NEED ME TO EXPLAIN 15 SOMETHING, PLEASE ASK ME TO CLARIFY. DO YOU 16 UNDERSTAND? 17 A. YES. 18 Q. IF YOU NEED AT ANY TIME TO TAKE A BREAK OR YOU NEED 19 TO USE THE REST ROOM, YOU KNOW, OR GET A GLASS OF 20 WATER, JUST LET ME KNOW. DO YOU UNDERSTAND? 21 A. OKAY. 22 Q. ALSO, REMEMBER TO GIVE YOUR ANSWERS OUT VERBALLY. 23 THE COURT REPORTER CAN'T UNDERSTAND HEAD SHAKES AND 24 HEAD NODS AND SO FORTH. SO, WE'VE GOT TO REMEMBER 25 TO SAY YES AND NO.</p>	<p>1 GREENVILLE? 2 A. WHEN? 3 Q. WELL, LET'S START WITH THE PRESENT. WHERE DO YOU 4 LIVE NOW? 5 A. AT 6350 WHITE HORSE ROAD. 6 Q. WHEN DID YOU MOVE TO 6350 WHITE HORSE ROAD? 7 A. I THINK IT WAS LATE 1994. 8 Q. DID YOU RENT THE PROPERTY, PURCHASE THE PROPERTY, 9 THE 6350 WHITE HORSE ROAD? 10 A. MY MOTHER PURCHASED THE PROPERTY. 11 Q. OKAY. BEFORE 1994, WHERE WERE YOU LIVING? 12 A. I HAD AN APARTMENT IN CALIFORNIA. 13 Q. AND IN '91, '92, WHEN YOU WERE HERE IN GREENVILLE? 14 A. I HAD AN APARTMENT IN GREENVILLE. 15 Q. I'D LIKE TO ASK YOU A LITTLE BIT ABOUT 6350 WHITE 16 HORSE ROAD. YOU SAID YOUR MOTHER PURCHASED THE 17 PROPERTY. WHEN WAS THAT? 18 A. IT WAS, I THINK, IN '94. 19 Q. AND YOU MOVED IN -- BUT YOU MOVED INTO THE HOUSE? 20 A. RIGHT. 21 Q. DID YOUR MOM MOVE IN WITH YOU? 22 A. NO, MY MOM HAD A HOUSE, HER OWN HOUSE. 23 Q. AND WHEN YOU SAY SHE PURCHASED THE HOUSE, WHAT DO 24 YOU MEAN BY THAT? 25 A. SHE BOUGHT THE HOUSE.</p>
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<p>1 A. OKAY. 2 Q. OKAY. MR. ALEXANDER, WHEN DID YOU FIRST MOVE TO 3 SOUTH CAROLINA? 4 A. I THINK IT WAS IN '91 OR '92, SOMETHING LIKE THAT. 5 Q. AND HAVE YOU ALWAYS LIVED IN GREENVILLE SINCE YOU 6 MOVED TO SOUTH CAROLINA? 7 A. NO. 8 Q. WHERE ELSE HAVE YOU LIVED? 9 A. I WENT BACK TO CALIFORNIA FOR A YEAR. 10 Q. WHEN WAS THAT? 11 A. IT WAS EITHER '92 OR '93. IT'S --- 12 Q. OKAY. WELL, WHY DON'T WE JUST START AND LET'S MAYBE 13 WORK OUR WAY FORWARD AND TRY TO SET UP A TIMELINE 14 HERE. IN '91, YOU MOVED TO SOUTH CAROLINA? 15 A. '91 OR '92. I'M NOT SURE EXACTLY WHAT THE TIME WAS. 16 Q. AND YOU MOVED TO GREENVILLE? 17 A. TO GREENVILLE, YES. 18 Q. OKAY. AND THEN, IN '92 OR '93, YOU MOVED BACK TO 19 CALIFORNIA FOR A SPELL? 20 A. ONE YEAR. 21 Q. AND THEN, AFTER THAT YEAR, WHERE DID YOU MOVE THEN? 22 A. BACK TO GREENVILLE. 23 Q. AND HAVE YOU BEEN IN GREENVILLE SINCE THEN? 24 A. YES. 25 Q. WHERE HAVE YOU -- WHERE HAVE YOU LIVED IN</p>	<p>1 Q. DID SHE BUY THE HOUSE IN FULL OR DID SHE TAKE OUT A 2 MORTGAGE? 3 A. SHE BOUGHT THE HOUSE FROM A GENTLEMAN THAT HAD A 4 MORTGAGE ON IT, AND SHE JUST PAID HIM A CERTAIN 5 AMOUNT OF MONEY AND TOOK OVER THE MORTGAGE. 6 Q. OKAY. AND THEN, WHO PAID THE MORTGAGE FROM THERE 7 ON? 8 A. IF I HAD THE MONEY TO GIVE TO MY MOTHER TO PAY, I 9 WOULD, OR SHE WOULD PAY IT. ONE OR THE OTHER. 10 Q. SO, YOU MADE SOME MORTGAGE PAYMENTS DURING THIS 11 TIME? 12 A. WELL, I PAID HER. SHE PRETTY MUCH TOOK CARE OF THE 13 MORTGAGE. 14 Q. BUT SOME OF THE FUNDS THAT ARE BEING USED TO PAY THE 15 MORTGAGE WERE BEING SUPPLIED BY YOU DURING THIS 16 TIME? 17 A. SOMETIMES. IF I HAD IT. 18 Q. OKAY. DOES YOUR MOTHER STILL OWN THE PROPERTY? 19 A. NO. 20 Q. WHO OWNS IT? 21 A. IT'S OWNED BY THE ALEXANDER FAMILY TRUST. 22 Q. AND WHAT IS THE ALEXANDER FAMILY TRUST? 23 A. IT'S A FAMILY TRUST THAT WAS ESTABLISHED WITH MY 24 MOTHER AS THE SETTLER AND ESTABLISHED WITH ME AS THE 25 TRUSTEE TO TAKE CARE OF THE ASSETS IN THE TRUST.</p>

John Howard Alexander

July 27, 2009

<p style="text-align: right;">Page 10</p> <p>1 Q. AND WHEN WAS THIS ESTABLISHED?</p> <p>2 A. THERE'S TOO MANY NUMBERS HERE. APPROXIMATELY 2002</p> <p>3 OR 2001, SOMEWHERE IN THERE.</p> <p>4 Q. AND WHO CREATED IT?</p> <p>5 A. WHO CREATED ---</p> <p>6 Q. WHO DRAFTED THE PAPERS?</p> <p>7 A. MY THEN WIFE HEATHER.</p> <p>8 Q. AND WHERE -- ARE THERE ANY TRUST DOCUMENTS EXISTING</p> <p>9 TO THIS DAY, SHOWING THE ESTABLISHMENT OF THE TRUST?</p> <p>10 A. YES.</p> <p>11 Q. AND WHO HAS THOSE?</p> <p>12 A. I HAVE THE ORIGINAL COPY.</p> <p>13 Q. I'M SORRY.</p> <p>14 BY MR. BENNETT:</p> <p>15 WE'LL GET IT TO YOU.</p> <p>16 BY MR. STRONG:</p> <p>17 OKAY.</p> <p>18 EXAMINATION RESUMED BY MR. STRONG:</p> <p>19 Q. I HAVEN'T SEEN IT. THAT'S WHY I'M ASKING. DID YOU</p> <p>20 GET ANY HELP IN CREATING THE TRUST, OTHER THAN FROM</p> <p>21 HEATHER?</p> <p>22 A. HOW DO YOU MEAN THAT?</p> <p>23 Q. DID A LAWYER REVIEW IT?</p> <p>24 A. NO, IT WAS A PRIVATE PARTY CONTRACT. MY MOTHER --</p> <p>25 MY MOTHER REVIEWED IT. I REVIEWED IT. HEATHER</p>	<p style="text-align: right;">Page 12</p> <p>1 Q. AND PLEASE LET THE RECORD REFLECT I'M ALSO HANDING A</p> <p>2 COPY TO MR. BENNETT.</p> <p>3 BY MR. BENNETT:</p> <p>4 THANK YOU.</p> <p>5 EXAMINATION RESUMED BY MR. STRONG:</p> <p>6 Q. TAKE A MOMENT AND REVIEW THAT DOCUMENT, AND WHEN</p> <p>7 YOU'RE READY, LET ME KNOW.</p> <p>8 A. IS THIS FOR ME TO KEEP?</p> <p>9 Q. IT WILL BE GIVEN BACK TO THE COURT REPORTER.</p> <p>10 A. OH.</p> <p>11 Q. BUT YOUR ATTORNEY HAS A COPY NOW.</p> <p>12 A. OH, OKAY.</p> <p>13 Q. DO YOU RECOGNIZE THIS DOCUMENT?</p> <p>14 A. YES.</p> <p>15 Q. WHAT IS IT?</p> <p>16 A. IT'S A MORTGAGE.</p> <p>17 Q. FROM WHOM TO WHOM?</p> <p>18 A. I DON'T KNOW WHICH WAY IT TURNS, BUT IT SHOWS THAT</p> <p>19 THE MORTGAGE IS IN FAVOR OF ME.</p> <p>20 Q. OKAY. SO, HELP ME UNDERSTAND WHAT -- AND I'M SORRY.</p> <p>21 THIS IS FROM 2003. IS THAT CORRECT?</p> <p>22 A. YES.</p> <p>23 Q. OKAY. SO, BACK IN 2003, YOUR MOTHER TOOK OUT A</p> <p>24 MORTGAGE ON THE PROPERTY TO YOU?</p> <p>25 A. SHE DIDN'T TAKE OUT A MORTGAGE. SHE AGREED TO ALLOW</p>
<p style="text-align: right;">Page 11</p> <p>1 REVIEWED IT.</p> <p>2 Q. IS IT SIMILAR TO THE TRUSTS THAT YOU ARE SELLING</p> <p>3 THROUGH THE FREEDOM TRUST GROUP?</p> <p>4 A. IT WAS TAKEN OFF THE TEMPLATE, YES.</p> <p>5 Q. OKAY. WHY DID YOU CREATE THE ALEXANDER FAMILY</p> <p>6 TRUST?</p> <p>7 A. IT WAS MY MOTHER'S AND MY IDEA. WE MUTUALLY CAME TO</p> <p>8 AGREEMENT THAT THAT NEEDED TO BE DONE.</p> <p>9 Q. WHY?</p> <p>10 A. I CAN'T SAY THE EXACT REASONS WHY. I DON'T RECALL.</p> <p>11 SHE WAS LOOKING FOR PROTECTION.</p> <p>12 Q. PROTECTION FROM WHAT?</p> <p>13 A. SHE WAS GETTING OLD.</p> <p>14 Q. AND WHY DO YOU KEEP IT IN THE, THE PROPERTY IN THE</p> <p>15 TITLE OF THE ALEXANDER FAMILY TRUST?</p> <p>16 A. BECAUSE THAT WAS MY MOTHER'S WISHES.</p> <p>17 Q. SHE'S PASSED AWAY. IS THAT CORRECT?</p> <p>18 A. YES.</p> <p>19 Q. WHEN WAS THAT, ABOUT?</p> <p>20 A. THAT WAS SEPTEMBER 7, 2006.</p> <p>21 Q. I'M GOING TO HAND YOU WHAT I WILL ASK THE COURT</p> <p>22 REPORTER TO MARK AS PLAINTIFF'S EXHIBIT THREE.</p> <p>23 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER THREE,</p> <p>24 MORTGAGE, ATTACHED.)</p> <p>25 EXAMINATION RESUMED BY MR. STRONG:</p>	<p style="text-align: right;">Page 13</p> <p>1 ME TO PUT THE MORTGAGE ON IT.</p> <p>2 Q. OKAY. BUT SO, FROM THAT TIME FORWARD, SHE WAS</p> <p>3 PAYING YOU A MONTHLY MORTGAGE ON THE PROPERTY?</p> <p>4 A. NO.</p> <p>5 Q. MAYBE I'M CONFUSED. SO, YOU ALLOWED HER -- SHE</p> <p>6 ALLOWED YOU TO PUT A MORTGAGE ON THE PROPERTY, OR</p> <p>7 SHE TOOK OUT A MORTGAGE ON THE PROPERTY, BUT SHE</p> <p>8 WASN'T MAKING ANY PAYMENTS TO YOU?</p> <p>9 A. THAT'S CORRECT.</p> <p>10 Q. OKAY. WHY DID YOU -- WHY DID SHE TAKE OUT A -- WHY</p> <p>11 DID YOU TAKE OUT A MORTGAGE ON THE -- OR WHY DID SHE</p> <p>12 TAKE OUT A MORTGAGE ON THE PROPERTY?</p> <p>13 A. IT'S NOT THAT SHE TOOK OUT A MORTGAGE ON THE</p> <p>14 PROPERTY. TO BEST ANSWER YOUR QUESTION, HEATHER HAD</p> <p>15 TABULATED HOW MUCH IMPROVEMENTS WE HAD DONE ON THE</p> <p>16 PROPERTY AND WAS CONCERNED THAT IT WAS SECURED</p> <p>17 SOMEHOW. AND I AGREED. MY MOTHER AGREED, AND THIS</p> <p>18 IS A RESULT OF IT.</p> <p>19 Q. OKAY. SO, WHAT DID YOU AND YOUR MOTHER INTEND TO DO</p> <p>20 WITH THE MORTGAGE, THEN, IF SHE WASN'T GOING TO MAKE</p> <p>21 PAYMENTS ON IT?</p> <p>22 A. THERE WAS NO INTENT.</p> <p>23 Q. SO, YOU WERE JUST IN THE BUSINESS OF PUTTING OUT A</p> <p>24 DOCUMENT OUT THERE WITHOUT AN INTENT TO DO SO?</p> <p>25 A. NO, IT WAS TO -- FROM HEATHER'S STANDPOINT, IT WAS</p>

John Howard Alexander

July 27, 2009

<p style="text-align: right;">Page 14</p> <p>1 TO PROTECT WHAT SHE FELT WAS WHAT WE HAD IMPROVED</p> <p>2 THE PROPERTY ON FOR THE TIME THAT WE WERE THERE.</p> <p>3 Q. YOU'RE STILL THERE, IF I'M NOT MISTAKEN, CORRECT?</p> <p>4 A. YEAH. THAT'S CORRECT.</p> <p>5 Q. WHAT KIND OF IMPROVEMENTS DID YOU MAKE ON THE</p> <p>6 PROPERTY?</p> <p>7 A. FENCES, POOL, DECK, PAINT, WALLPAPER, I DON'T KNOW.</p> <p>8 HEATHER HAD A LONG LIST OF WHATEVER IT WAS THAT SHE</p> <p>9 PRESENTED TO ME.</p> <p>10 Q. I'LL HAND YOU WHAT I'M GOING TO MARK AS PLAINTIFF'S</p> <p>11 EXHIBIT FOUR.</p> <p>12 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER FOUR,</p> <p>13 MORTGAGE, ATTACHED.)</p> <p>14 EXAMINATION RESUMED BY MR. STRONG:</p> <p>15 Q. DID -- WELL, I'LL GIVE YOU A MINUTE AND WHEN YOU'RE</p> <p>16 READY, LET ME KNOW.</p> <p>17 A. WHAT'S THE DATE ON THIS? OKAY.</p> <p>18 Q. IS THAT YOUR SIGNATURE IN THE MIDDLE OF THE PAGE OF</p> <p>19 PAGE ONE?</p> <p>20 A. MY ACTUAL SIGNATURE? NO, IT'S A COPY OF MY</p> <p>21 SIGNATURE.</p> <p>22 Q. AND IS IT DATED JULY 27, 2006?</p> <p>23 A. UH-HUH.</p> <p>24 Q. OKAY.</p> <p>25 A. ISN'T TODAY -- YES.</p>	<p style="text-align: right;">Page 16</p> <p>1 A. YES.</p> <p>2 Q. ABOUT WHEN?</p> <p>3 A. I CAN'T SAY FOR SURE WHAT THE DATE WAS. I'M NOT</p> <p>4 EVEN SURE WHAT THE YEAR WAS. SOMEWHERE AFTER THE</p> <p>5 TURN OF THE MILLENNIUM.</p> <p>6 Q. LET ME SHOW YOU NUMBER FIVE, AND MR. BENNETT IS ALSO</p> <p>7 GETTING A COPY OF THIS.</p> <p>8 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER FIVE,</p> <p>9 APPRAISAL, ATTACHED.)</p> <p>10 EXAMINATION RESUMED BY MR. STRONG:</p> <p>11 Q. DO YOU RECOGNIZE THIS DOCUMENT?</p> <p>12 A. I'VE SEEN IT, YES.</p> <p>13 Q. AND WHAT IS THIS DOCUMENT?</p> <p>14 A. I CAN'T BE SURE, BECAUSE IT HAS 108 ENCHANTED CIRCLE</p> <p>15 ON HERE.</p> <p>16 Q. WHAT IS 108 ENCHANTED CIRCLE?</p> <p>17 A. THAT WAS MY, WHERE MY MOTHER LIVED.</p> <p>18 Q. THE FAX, THE BEGINNING FAX SHEET IS DATED IN 2001.</p> <p>19 DOES THIS HELP YOUR MEMORY AS TO WHEN THE DEPARTMENT</p> <p>20 OF TRANSPORTATION HAD AN INTEREST IN THE PROPERTY?</p> <p>21 A. IF THAT'S WHEN IT WAS, THAT'S WHEN IT WAS. I'M A</p> <p>22 LITTLE -- WAIT A MINUTE. I DON'T KNOW IF THIS IS AN</p> <p>23 APPRAISAL OR NOT OF MY MOTHER'S HOUSE ON ENCHANTED</p> <p>24 CIRCLE OR THE ONE ON WHITE HORSE ROAD. I'M NOT SURE</p> <p>25 WHAT THIS IS. OKAY.</p>
<p style="text-align: right;">Page 15</p> <p>1 Q. IS THIS YOUR HANDWRITING WHERE IT SAID PAID THIS</p> <p>2 JULY 27, 2006?</p> <p>3 A. YEAH, IT'S A RELEASE.</p> <p>4 Q. OKAY.</p> <p>5 A. I DON'T REMEMBER EVEN DOING THIS, BUT IT MAKES</p> <p>6 SENSE.</p> <p>7 Q. OKAY. SO, WHAT DOES THIS DOCUMENT SIGNIFY TO YOU?</p> <p>8 A. THAT THE MORTGAGE IS BEING RELEASED.</p> <p>9 Q. SO, AFTER THREE YEARS, THE MORTGAGE WAS RELEASED.</p> <p>10 WHAT CHANGED THAT CAUSED IT TO BE RELEASED?</p> <p>11 A. DIDN'T SEE THE NEED FOR IT.</p> <p>12 Q. WELL, OKAY. YOU SAW THE -- SOMEBODY SAW THE NEED</p> <p>13 FOR IT IN 2003. YOU DIDN'T SEE THE NEED FOR IT IN</p> <p>14 2006. WHAT CHANGED?</p> <p>15 A. JUST CHANGE OF MIND, CHANGE OF HEART.</p> <p>16 Q. BUT NO SIGNIFICANT EVENT CAUSED YOU TO RELEASE THE</p> <p>17 ---</p> <p>18 A. NO, THE DATE DOESN'T MEAN ANYTHING. JUST</p> <p>19 COINCIDENTALLY, IT'S TODAY'S DATE.</p> <p>20 Q. WHAT CAUSED YOU TO RELEASE THE MORTGAGE ON THE</p> <p>21 PROPERTY?</p> <p>22 A. UH-UH.</p> <p>23 Q. DID THE SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION</p> <p>24 EVER TAKE AN INTEREST IN THE PROPERTY, IN 6350 WHITE</p> <p>25 HORSE ROAD?</p>	<p style="text-align: right;">Page 17</p> <p>1 Q. DID YOU EVER MEET WITH ANY OF THE REPRESENTATIVES</p> <p>2 FROM THE DEPARTMENT OF TRANSPORTATION?</p> <p>3 A. I MET WITH THEM AND MY MOTHER, BOTH.</p> <p>4 Q. FOR WHAT PURPOSE?</p> <p>5 A. TO NEGOTIATE LAND THAT THEY WANTED TO TAKE. IT WAS</p> <p>6 NO NEGOTIATION. IT WAS PRETTY CUT AND DRY.</p> <p>7 Q. BUT YOU WERE INVOLVED IN THESE NEGOTIATIONS?</p> <p>8 A. I WAS THERE TO HELP MY MOTHER.</p> <p>9 Q. I'LL HAND THESE COPIES TO YOU.</p> <p>10 A. DOES SHE NEED TO ---</p> <p>11 Q. SHE NEEDS TO, YEAH, MARK EXHIBIT SIX.</p> <p>12 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER SIX,</p> <p>13 LETTER, ATTACHED.)</p> <p>14 EXAMINATION RESUMED BY MR. STRONG:</p> <p>15 Q. THIS IS PLAINTIFF'S EXHIBIT SIX. I'VE ALSO PROVIDED</p> <p>16 A COPY TO MR. BENNETT. DO YOU RECALL RECEIVING THIS</p> <p>17 LETTER?</p> <p>18 A. NO.</p> <p>19 Q. BUT IT IS ADDRESSED TO YOU?</p> <p>20 A. NO.</p> <p>21 Q. IT'S NOT ADDRESSED IN CARE OF YOU AT 2435 NORTH</p> <p>22 STREET?</p> <p>23 A. IT'S ADDRESSED TO MIRIAM GETZ, 108 ENCHANTED CIRCLE,</p> <p>24 CARE OF JOHN HOWARD ALEXANDER AT 2435 EAST NORTH</p> <p>25 STREET.</p>

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<p style="text-align: right;">Page 18</p> <p>1 Q. OKAY. THIS IS A LETTER FROM CRIDER AND ASSOCIATES 2 REGARDING THE VALUE OF THE PROPERTY ON YOUR HOUSE? 3 A. UH-HUH. 4 Q. SO, YOU WERE AT LEAST, AT LEAST THEY ADDRESSED 5 LETTERS TO YOU AS WELL AS YOUR MOTHER CONCERNING THE 6 VALUE OF THE PROPERTY OF THIS HOUSE? 7 A. APPARENTLY SO. 8 Q. OKAY. AND YOU WERE LIVING AT 6350 WHITE HORSE ROAD 9 DURING THIS TIME? 10 A. AT THE TIME, YES. 11 Q. DURING THIS TIME, LET'S SAY FROM WHEN THE HOUSE WAS 12 PURCHASED IN 1994 UNTIL YOUR MOTHER'S PASSING AWAY, 13 WHO PAID THE UTILITIES ON THE PROPERTY? 14 A. I PAID FOR MOST OF THE UTILITIES. 15 Q. THE POWER BILL? 16 A. YES. 17 Q. WATER BILL? 18 A. YES. 19 Q. PHONE BILL? 20 A. WHEN THERE WAS A PHONE. 21 Q. PROPERTY TAXES? 22 A. SOMETIMES. 23 Q. DID YOU PAY THE PROPERTY TAXES -- AFTER YOUR 24 MOTHER'S PASSING AWAY, DO YOU PAY THE PROPERTY TAXES 25 NOW?</p>	<p style="text-align: right;">Page 20</p> <p>1 WHAT I'M MOST KNOWN FOR IS TALKING ABOUT THE 2 ECONOMY. 3 Q. AND WHAT WOULD YOU TELL THEM? I MEAN, WHAT SERVICES 4 ARE YOU PROVIDING IN WHICH THEY ARE GIVING YOU MONEY 5 FOR? 6 A. GIVING THEM INFORMATION. 7 Q. INFORMATION ABOUT WHAT? 8 A. THE ECONOMY, MONEY, HISTORY. 9 Q. WELL, WHAT ABOUT THE ECONOMY? 10 A. CAN YOU BE MORE SPECIFIC? 11 Q. UNFORTUNATELY, NO. I MEAN, YOU'RE TELLING ME YOU'RE 12 TALKING TO THEM ABOUT THE ECONOMY. WHAT TOPICS 13 ABOUT THE ECONOMY ARE YOU TALKING TO THEM ABOUT? 14 A. THE GENERAL CONDITION OF THE ECONOMY. 15 Q. AND WHAT IS THE GENERAL CONDITION OF THE ECONOMY? I 16 MEAN, WHAT SPECIFICALLY ARE YOU TALKING TO THEM 17 ABOUT? 18 A. YOU MEAN LIKE NOW? 19 Q. SURE. 20 A. THE ECONOMY'S IN VERY BAD SHAPE. 21 Q. OKAY. BETWEEN 2000 AND 2005, WERE YOU ALSO TALKING 22 TO PEOPLE IN EXCHANGE FOR MONEY? 23 A. I'VE BEEN WARNING PEOPLE FOR A LONG TIME ABOUT THE 24 ECONOMY, THAT WE WOULD GET WHERE WE ARE NOW. 25 Q. OKAY. THE ADDRESS THAT'S ON THERE, THIS 2435 EAST</p>
<p style="text-align: right;">Page 19</p> <p>1 A. IF I NEED TO, YES. 2 Q. WHAT DO YOU MEAN IF YOU NEED TO? 3 A. IF THEY NEED TO BE PAID, THEY NEED TO BE PAID. 4 EITHER I PAY OR I MAKE OTHER ARRANGEMENTS. 5 Q. WHAT OTHER ARRANGEMENTS MIGHT YOU MAKE? 6 A. IF I CAN GET SOMEBODY ELSE TO PAY, IF I CAN GET YOU 7 TO PAY, I WOULD BE HAPPY TO HAVE YOU PAY THAT. 8 Q. HAVE YOU BEEN SUCCESSFUL IN GETTING SOMEBODY OTHER 9 THAN YOURSELF TO PAY THE PROPERTY TAXES? 10 A. NOT YET. 11 Q. AND DO YOU PAY THE UTILITIES ON THAT, ON THE 12 PROPERTY NOW? 13 A. CORRECT. 14 Q. AND WHERE ARE THE -- WHERE DO YOU GET THE MONEY TO 15 PAY FOR THE PROPERTY TAXES AND THE UTILITIES? 16 A. I HAD SOME. 17 Q. SOME WHAT? 18 A. I HAD SOME MONEY. 19 Q. AND WHERE DID -- HOW DID YOU GET THIS MONEY? 20 A. IT'S HARD TO SAY. 21 Q. YOU DON'T KNOW WHERE YOU'RE GETTING YOUR MONEY? 22 A. HOW DO I ANSWER? SOMETIMES I'LL TALK WITH PEOPLE IN 23 EXCHANGE FOR MY TIME, MY SERVICE. 24 Q. AND WHAT ARE YOU TALKING TO THESE PEOPLE ABOUT? 25 A. DEPENDS ON THE PEOPLE, WHAT THEY WANT TO TALK ABOUT.</p>	<p style="text-align: right;">Page 21</p> <p>1 NORTH STREET, WHAT TYPE OF ADDRESS IS THAT? 2 A. IT'S A MAILBOXES, ET CETERA. A UPS STORE NOW. IT 3 USED TO BE A MAILBOXES, ET CETERA. 4 Q. OKAY. OKAY. YOU OPERATED A GROUP CALLED THE 5 FREEDOM TRUST GROUP? 6 A. FREEDOM TRUST GROUP WAS JUST A NAME OF A COMPANY 7 THAT WE CREATED JUST TO SELL SOFTWARE. IT WASN'T AN 8 OPERATION. 9 Q. WHO CREATED IT? 10 A. HEATHER AND I. 11 Q. WHAT WAS YOUR ROLE AT THE FREEDOM TRUST GROUP? 12 A. MY ROLE WAS TO HELP PUT THE PROGRAM TOGETHER, AND 13 ONCE THE PROGRAM WAS PUT TOGETHER, TO SEE IF IT 14 COULD BE MARKETED AND MARKET IT. 15 Q. COULD YOU MARKET IT? 16 A. IT WAS MARKETED, NOT AS GOOD AS WE THOUGHT, BUT IT 17 WAS MARKETED. 18 Q. OKAY. 19 BY MR. BENNETT: 20 CAN WE TAKE A QUICK BREAK TO GRAB SOME WATER? 21 BY MR. STRONG: 22 OKAY. 23 (OFF THE RECORD 1:21 P.M. - 1:23 P.M.) 24 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER SEVEN, 25 CHECKS AND BANK STATEMENTS, ATTACHED.)</p>

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<p style="text-align: right;">Page 22</p> <p>1 EXAMINATION RESUMED BY MR. STRONG:</p> <p>2 Q. I'LL HAND YOU NOW WHAT'S BEEN PREVIOUSLY MARKED AS</p> <p>3 PLAINTIFF'S EXHIBIT NUMBER SEVEN, WHICH I'VE ALSO</p> <p>4 HANDED A COPY TO YOUR COUNSEL. WHY DON'T YOU TAKE A</p> <p>5 MINUTE AND LOOK THROUGH THIS? THIS IS A COLLECTION</p> <p>6 OF CHECKS AND BANK STATEMENTS.</p> <p>7 BY MR. BENNETT:</p> <p>8 CAN WE GO OFF THE RECORD FOR JUST ONE SECOND?</p> <p>9 BY MR. STRONG:</p> <p>10 OKAY.</p> <p>11 (OFF THE RECORD 1:27 P.M. - 1:28 P.M.)</p> <p>12 EXAMINATION RESUMED BY MR. STRONG:</p> <p>13 Q. OKAY. HAVE YOU HAD AN OPPORTUNITY TO REVIEW THIS</p> <p>14 PACKET OF MATERIALS I PUT IN FRONT OF YOU?</p> <p>15 A. NOT COMPLETELY.</p> <p>16 Q. I WILL POINT YOU OUT HERE. DID THE FREEDOM TRUST</p> <p>17 GROUP HAVE A CHECKING ACCOUNT?</p> <p>18 A. YES.</p> <p>19 Q. AND YOU WERE A SIGNATORY TO THAT ACCOUNT?</p> <p>20 A. YES.</p> <p>21 Q. SO, THIS SIGNATURE ON THE FIRST PAGE HERE, IS THAT</p> <p>22 YOUR SIGNATURE?</p> <p>23 A. THAT'S A PHOTOCOPY OF MY SIGNATURE.</p> <p>24 Q. OKAY. AND THAT'S YOUR SOCIAL SECURITY NUMBER?</p> <p>25 A. YES.</p>	<p style="text-align: right;">Page 24</p> <p>1 A. THAT'S A PHOTOCOPY OF MY SIGNATURE.</p> <p>2 Q. OKAY. AND WHO IS IT MADE OUT TO?</p> <p>3 A. EXCEL TELECOMMUNICATIONS.</p> <p>4 Q. AND WHAT IS EXCEL TELECOMMUNICATIONS?</p> <p>5 A. THAT'S WHO WE HAD FOR TELEPHONE SERVICE.</p> <p>6 Q. AND WHERE WOULD THIS TELEPHONE HAVE BEEN LOCATED?</p> <p>7 A. EXCUSE ME?</p> <p>8 Q. WHERE WOULD THE TELEPHONE ACCOUNT HAVE BEEN? WHAT</p> <p>9 PROPERTY?</p> <p>10 A. THE TELEPHONE ACCOUNT?</p> <p>11 Q. RIGHT.</p> <p>12 A. YOU MEAN THE PHONE ITSELF, PHYSICALLY, OR THE PHONE</p> <p>13 COMPANY?</p> <p>14 Q. WHAT WOULD BE THE ADDRESS AT THE -- WHERE WOULD THE</p> <p>15 PHONE THAT, THE PHONE THAT WAS BEING PAID FOR HERE,</p> <p>16 WHERE WAS THAT PHONE?</p> <p>17 A. THAT WAS AT 6350.</p> <p>18 Q. OKAY. AND ALONG THE SIDE HERE, THERE'S A SET OF</p> <p>19 DEPOSIT SLIPS ALL DATED IN FEBRUARY OF 2004. WHERE</p> <p>20 WOULD THE MONEY THAT WAS BEING DEPOSITED, WHERE</p> <p>21 WOULD THAT HAVE COME FROM?</p> <p>22 A. NO IDEA. IT DOESN'T SAY.</p> <p>23 Q. DO YOU USE THE NOTATION M.O. TO MEAN MONEY ORDER?</p> <p>24 IF YOU LOOK AT THE BOTTOM ONE AND THE THIRD ONE</p> <p>25 DOWN?</p>
<p style="text-align: right;">Page 23</p> <p>1 Q. OKAY. AND THAT'S YOUR DRIVER'S LICENSE NUMBER AT</p> <p>2 THE TIME?</p> <p>3 A. YES.</p> <p>4 Q. IF YOU LOOK ON PAGE TWO, IT'S STATED THAT HEATHER</p> <p>5 WAS REMOVED AS A SIGNER ON THIS ACCOUNT, AND THAT</p> <p>6 JOHN HOWARD ALEXANDER IS THE ONLY AUTHORIZED SIGNER</p> <p>7 ON THIS ACCOUNT NOW.</p> <p>8 A. OKAY.</p> <p>9 Q. WHY WAS THAT DONE?</p> <p>10 A. HEATHER AND I SPLIT, AND SHE LEFT US, FREEDOM TRUST</p> <p>11 GROUP WITH ME.</p> <p>12 Q. AND IF WE LOOK ON PAGE THREE, THAT STATES THERE THAT</p> <p>13 YOU'RE THE DIRECTOR OF THE FREEDOM TRUST GROUP?</p> <p>14 A. YES.</p> <p>15 Q. WHAT IS THE ROLE OF THE DIRECTOR, AS DIRECTOR OF</p> <p>16 FREEDOM TRUST GROUP?</p> <p>17 A. TO DIRECT.</p> <p>18 Q. DIRECT WHAT?</p> <p>19 A. TO DIRECT OPERATIONS, MARKETING.</p> <p>20 Q. OKAY. LET'S TAKE A LOOK AT -- WE'RE LOOKING FOR</p> <p>21 CHECK 2259, WHICH IS ABOUT THE -- IT'S JUST ACTUALLY</p> <p>22 ON THE NEXT PAGE. IT'S KIND OF THE SECOND COLUMN,</p> <p>23 THE SECOND CHECK FROM THE TOP THERE. IS THAT A ---</p> <p>24 A. UH-HUH.</p> <p>25 Q. --- PHOTOCOPY OF YOUR SIGNATURE ON THE CHECK?</p>	<p style="text-align: right;">Page 25</p> <p>1 A. YEAH.</p> <p>2 Q. AND THE SECOND ONE DOWN SAYS I.B.S. WHAT IS I.B.S.?</p> <p>3 A. I.B.S. IS A CORPORATION.</p> <p>4 Q. WHAT DOES IT STAND FOR?</p> <p>5 A. I THINK IT'S INTERNATIONAL BUSINESS SYSTEM.</p> <p>6 Q. AND WHO FORMED INTERNATIONAL BUSINESS SYSTEM?</p> <p>7 A. HEATHER AND I FORMED THAT.</p> <p>8 Q. AND WHERE WAS IT FORMED?</p> <p>9 A. I BELIEVE IT WAS NEVIS.</p> <p>10 Q. AND WHAT WAS THE PURPOSE OF I.B.S.?</p> <p>11 A. I DON'T REMEMBER.</p> <p>12 Q. DO YOU RECALL IF IT HAD A ---</p> <p>13 A. GO AHEAD.</p> <p>14 Q. DO YOU RECALL IF IT HAD A MERCHANT ACCOUNT WITH CARD</p> <p>15 SERVICES INTERNATIONAL?</p> <p>16 A. YEAH, THAT WAS THE PURPOSE OF IT. I HAD FORGOTTEN</p> <p>17 ABOUT THAT ONE.</p> <p>18 Q. AND WHY DID YOU -- WHY DID I.B.S. NEED A MERCHANT</p> <p>19 ACCOUNT?</p> <p>20 A. BECAUSE WE WERE GOING TO GET READY TO DO SOME</p> <p>21 SERIOUS MARKETING.</p> <p>22 Q. MARKETING OF WHAT?</p> <p>23 A. OF EITHER THE TRUST SOFTWARE OR ANY OTHER SOFTWARE</p> <p>24 WE WERE GETTING INTO, UNDERSTANDING THE SOFTWARE</p> <p>25 BUSINESS, AND THAT WAS THE DIRECTION THAT WE WANTED</p>

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<p>1 TO GO.</p> <p>2 Q. SO, EXPLAIN TO ME HOW IT WOULD HAVE WORKED WITH</p> <p>3 I.B.S., THEN. I'M A LITTLE UNCLEAR AS TO ---</p> <p>4 A. I CAN'T DO THAT BECAUSE I WASN'T INVOLVED WITH</p> <p>5 I.B.S.</p> <p>6 Q. BUT YOU HELPED CREATE IT?</p> <p>7 A. I DISCUSSED IT WITH HEATHER, AND SHE DID THE SET UP</p> <p>8 AND SHE RAN I.B.S., BASICALLY.</p> <p>9 Q. WELL, WHAT DID YOU GUYS DISCUSS, THOUGH, IN DECIDING</p> <p>10 TO DO THIS?</p> <p>11 A. THAT WE NEEDED A MERCHANT ACCOUNT AND THAT WAS THE</p> <p>12 WAY TO GO.</p> <p>13 Q. OKAY. AND WHAT WAS THE PURPOSE OF THE MERCHANT</p> <p>14 ACCOUNT?</p> <p>15 A. THE PURPOSE OF THE -- THE NORMAL PURPOSE OF A</p> <p>16 MERCHANT ACCOUNT IS TO ACCEPT CREDIT CARDS.</p> <p>17 Q. SO, IF YOU MADE A DEPOSIT FROM I.B.S, THEN IT'S SAFE</p> <p>18 TO ASSUME THAT SOMEBODY PAID FOR SOMETHING WITH A</p> <p>19 CREDIT CARD AND THAT MONEY WAS BEING DEPOSITED INTO</p> <p>20 THE FREEDOM TRUST GROUP?</p> <p>21 A. I CAN'T ANSWER THAT, BECAUSE YOU'RE TALKING ABOUT</p> <p>22 ACCOUNTING AND PAPER WORK AND THAT'S NOT MY AREA OF</p> <p>23 EXPERTISE AT ALL.</p> <p>24 Q. IF YOU TURN A FEW PAGES IN, WE'RE LOOKING FOR CHECK</p> <p>25 NUMBER 2319. ACTUALLY, THERE IS GOING TO BE A</p>	<p>1 A. OKAY.</p> <p>2 Q. SO, IT'S SAFE TO SAY THAT FREEDOM TRUST GROUP WAS</p> <p>3 RECEIVING A LITTLE OVER \$8,000 DURING THAT ONE</p> <p>4 MONTH?</p> <p>5 A. DURING THAT MONTH, YEAH. THAT WOULD BE SAFE TO SAY</p> <p>6 THAT.</p> <p>7 Q. BUT YOU DON'T KNOW WHERE THAT MONEY'S COMING FROM?</p> <p>8 A. YOU MEAN INDIVIDUALLY OR ---</p> <p>9 Q. IN THE AGGREGATE, TOTAL. I MEAN, HOW WERE YOU</p> <p>10 MAKING YOUR MONEY AT THAT, OR HOW WAS FREEDOM TRUST</p> <p>11 GROUP MAKING ITS MONEY?</p> <p>12 A. THAT WOULD BE FROM SOFTWARE.</p> <p>13 Q. SALES OF SOFTWARE?</p> <p>14 A. SALES OF SOFTWARE.</p> <p>15 Q. OKAY.</p> <p>16 A. ARE WE THROUGH WITH THAT PAGE?</p> <p>17 Q. IF WE KEEP GOING, SKIP OVER THE NEXT PAGE OF CHECKS,</p> <p>18 AND ON THE -- I'LL CALL IT PAGE FOUR. I THINK</p> <p>19 YOU'VE GOT IT THERE. I'M LOOKING AT THE BOTTOM</p> <p>20 RIGHT, CHECK NUMBER 2319.</p> <p>21 A. UH-HUH.</p> <p>22 Q. IS THAT YOUR SIGNATURE ON THE BOTTOM OF THAT CHECK?</p> <p>23 A. A COPY OF MY SIGNATURE, YES.</p> <p>24 Q. OKAY. AND DO YOU KNOW WHAT THIS CHECK WAS FOR?</p> <p>25 A. IT SAYS REFUND IN THE FOR SECTION.</p>
Page 27	Page 29
<p>1 BALANCE STATEMENT BEFORE THAT, A BANK STATEMENT</p> <p>2 BEFORE THAT DATED SEPTEMBER 30, 2004, RIGHT THERE.</p> <p>3 A. WHAT PAGE?</p> <p>4 Q. THESE AREN'T CONSECUTIVELY NUMBERED, SO IT'S KIND OF</p> <p>5 HARD TO ---</p> <p>6 A. LET ME MATCH YOURS UP. OKAY.</p> <p>7 Q. OKAY. YOU'RE LOOKING AT A STATEMENT DATED SEPTEMBER</p> <p>8 30, 2004, IN THE UPPER RIGHT-HAND CORNER?</p> <p>9 A. RIGHT.</p> <p>10 Q. I NOTICED A NUMBER OF DEPOSITS ON HERE FOR \$400,</p> <p>11 \$300, \$790, \$1,840. DO YOU KNOW WHERE THIS MONEY</p> <p>12 WAS COMING FROM TO BE DEPOSITED IN THERE?</p> <p>13 A. I CAN'T BE SURE, NO.</p> <p>14 Q. IF YOU SPECULATED, WHERE DO YOU THINK IT WOULD COME</p> <p>15 FROM?</p> <p>16 A. I CAN'T SPECULATE ON THAT.</p> <p>17 Q. SO, YOU OWN THIS ACCOUNT, BUT YOU DON'T KNOW WHERE</p> <p>18 THE MONEY, HOW THE MONEY IS COMING INTO IT?</p> <p>19 A. I HAVE NO INFORMATION ON IT. HOW COULD I?</p> <p>20 Q. YOU'RE THE OPERATOR OF THE ACCOUNT, I MEAN. BUT</p> <p>21 SUFFICE IT TO SAY THAT FREEDOM TRUST GROUP WAS</p> <p>22 RECEIVING MONEY IN THIS TIME, AND ON THIS PARTICULAR</p> <p>23 STATEMENT, IT SAYS THAT THEY'RE RECEIVING CREDITS OF</p> <p>24 \$8,177 DURING THAT, DURING THAT TIME, DURING THAT</p> <p>25 MONTH.</p>	<p>1 Q. WHAT WOULD YOU HAVE BEEN REFUNDING?</p> <p>2 A. PROBABLY THE SOFTWARE.</p> <p>3 Q. OKAY. AND WHEN YOU SAY SOFTWARE, WHAT SOFTWARE DO</p> <p>4 YOU MEAN?</p> <p>5 A. THE FREEDOM TRUST GROUP SOFTWARE.</p> <p>6 Q. AND WHAT IS THE FREEDOM TRUST GROUP SOFTWARE? WHAT</p> <p>7 IS -- WHAT DOES THAT ALL ENTAIL?</p> <p>8 A. IT'S A CD WITH CONTRACTS, TEMPLATES, CONTRACT</p> <p>9 TEMPLATES.</p> <p>10 Q. FILL IN THE FORM TYPE OF THINGS?</p> <p>11 A. RIGHT.</p> <p>12 Q. WHAT KIND OF FORMS WOULD THEY HAVE BEEN FILLING OUT?</p> <p>13 A. THEY WERE CONTRACTS, TRUST CONTRACTS.</p> <p>14 Q. SO, IT WOULD HAVE BEEN TO CREATE A TRUST?</p> <p>15 A. TO CREATE THEIR OWN TRUST.</p> <p>16 Q. AND ABOUT, I'M SKIPPING OVER SEVEN PAGES HERE. THE</p> <p>17 TOP OF IT WILL SAY PAGE TWO, AND I'M SPECIFICALLY</p> <p>18 LOOKING AT CHECK NUMBER 2352. I THINK IT'S ---</p> <p>19 A. OKAY.</p> <p>20 Q. OKAY. AND AGAIN, THAT'S YOUR SIGNATURE ON THE, ON</p> <p>21 THE CHECK?</p> <p>22 A. IT'S A COPY OF MY SIGNATURE, YES.</p> <p>23 Q. AND WHO IS THIS MADE OUT TO?</p> <p>24 A. IT'S MADE OUT TO THE SECRETARY OF STATE.</p> <p>25 Q. AND WHY WERE YOU WRITING A CHECK TO THE SECRETARY OF</p>

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<p style="text-align: right;">Page 30</p> <p>1 STATE?</p> <p>2 A. I CAN'T READ THAT, WHAT IT SAYS.</p> <p>3 Q. I MEAN, THERE IS ONE WORD HERE I CAN'T READ, BUT I</p> <p>4 BELIEVE IT SAYS LIST OF OFFICERS, ONE CERTIFIED</p> <p>5 COPY. I CAN'T READ THE WORD BEFORE LIST, BUT DOES</p> <p>6 THAT LOOK CORRECT?</p> <p>7 BY MR. BENNETT:</p> <p>8 THE RECORD, I BELIEVE IT SAYS INITIAL LIST OF</p> <p>9 OFFICERS, ONE CERTIFIED COPY.</p> <p>10 BY MR. STRONG:</p> <p>11 OKAY.</p> <p>12 BY THE WITNESS:</p> <p>13 THAT'S NOT EVEN MY HANDWRITING.</p> <p>14 EXAMINATION RESUMED BY MR. STRONG:</p> <p>15 Q. BUT THAT'S YOUR SIGNATURE ON THE CHECK?</p> <p>16 A. UH-HUH.</p> <p>17 Q. OKAY. DO YOU KNOW WHY YOU WOULD HAVE BEEN ASKING</p> <p>18 FOR A LIST OFFICERS FROM THE SECRETARY OF STATE?</p> <p>19 A. I HAVE NO IDEA WHAT THAT IS. THAT'S MY SIGNATURE ON</p> <p>20 THE CHECK, BUT IT'S NOT MY HANDWRITING ON THAT</p> <p>21 CHECK.</p> <p>22 Q. FOR THE SAKE OF EASE, I'M JUST GOING TO SHOW YOU</p> <p>23 FOLKS THE NEXT PAGE I'M GOING TO LOOK AT, AND I'M</p> <p>24 SPECIFICALLY LOOKING AT PAGE 2358, OR CHECK NUMBER</p> <p>25 2368, SO JUST GO AHEAD AND TAKE A LOOK, KEEP A</p>	<p style="text-align: right;">Page 32</p> <p>1 A. THAT'S FOR FREEDOM TRUST GROUP, BUT I DON'T KNOW</p> <p>2 WHAT THAT MEANS, WHAT THIS IS FOR.</p> <p>3 Q. OKAY. IS IT -- IN THE DEPOSIT CHECKS ABOVE WHERE</p> <p>4 THAT CHECK IS, IN THE DEPOSIT SLIPS, RATHER, IS THAT</p> <p>5 YOUR HANDWRITING IN THOSE?</p> <p>6 A. IT APPEARS TO BE.</p> <p>7 Q. SHOWING DEPOSITS BEGINNING JANUARY 31ST TO FEBRUARY</p> <p>8 17TH OF 2005 IN THE AMOUNTS OF \$400, \$300, \$725, AND</p> <p>9 \$132.65?</p> <p>10 A. UH-HUH.</p> <p>11 Q. OKAY. AND THOSE ARE, AGAIN, MONIES THAT YOU'RE</p> <p>12 RECEIVING FROM SALES OF FREEDOM TRUST GROUP</p> <p>13 SOFTWARE?</p> <p>14 A. IT MIGHT HAVE BEEN.</p> <p>15 Q. WHAT ELSE MIGHT IT HAVE BEEN?</p> <p>16 A. I HAVE NO IDEA.</p> <p>17 Q. WELL, WHAT OTHER -- WHAT OTHER PRODUCTS DID FREEDOM</p> <p>18 TRUST GROUP SELL?</p> <p>19 A. FREEDOM TRUST GROUP HAD ONE PRODUCT.</p> <p>20 Q. OKAY. DID YOU OPERATE ANY OTHER COMPANIES DURING</p> <p>21 THIS TIME?</p> <p>22 A. DID I DO WHAT?</p> <p>23 Q. WERE YOU A PART OF ANY OTHER COMPANIES DURING THIS</p> <p>24 TIME?</p> <p>25 A. NO.</p>
<p style="text-align: right;">Page 31</p> <p>1 GANDER AT THAT AND I'LL ---</p> <p>2 A. 2368?</p> <p>3 BY MR. BENNETT:</p> <p>4 HE'S JUST LETTING YOU KEEP IT FOR A SECOND.</p> <p>5 EXAMINATION RESUMED BY MR. STRONG:</p> <p>6 Q. I'M JUST GOING TO LET YOU TAKE A LOOK AT THIS FOR A</p> <p>7 SECOND SO WE DON'T HAVE TO ---</p> <p>8 A. YEAH, BUT WHY DON'T I HAVE IT HERE?</p> <p>9 Q. I THINK IF YOU SKIP OVER TO THE NEXT ONE, THE NEXT</p> <p>10 PAGE OF CHECKS, IT WILL BE THERE. AGAIN, THAT'S A</p> <p>11 COPY OF YOUR SIGNATURE ON THE CHECK?</p> <p>12 A. A COPY OF MY SIGNATURE, YES.</p> <p>13 Q. AND IT'S MADE OUT TO THE SECRETARY OF STATE AGAIN?</p> <p>14 A. YES.</p> <p>15 Q. AND THAT'S YOUR HANDWRITING?</p> <p>16 A. THAT IS MY HANDWRITING.</p> <p>17 Q. OKAY.</p> <p>18 A. IT APPEARS TO BE.</p> <p>19 Q. IS THERE, IN THE MEMO BOX, IT SAYS RESERVE NAME</p> <p>20 F.T.G.</p> <p>21 A. UH-HUH.</p> <p>22 Q. WHAT ARE YOU RESERVING? WHAT WERE YOU RESERVING?</p> <p>23 A. I HAVE NO IDEA.</p> <p>24 Q. F.T.G., YOU BELIEVE, WOULD REFER TO THE FREEDOM</p> <p>25 TRUST GROUP?</p>	<p style="text-align: right;">Page 33</p> <p>1 Q. WERE YOU A PART OF ---</p> <p>2 A. I DON'T THINK SO.</p> <p>3 Q. --- A COMPANY CALLED THE AWARE GROUP?</p> <p>4 A. NO, NOT AT THIS TIME.</p> <p>5 Q. OKAY. WHEN DID YOU CEASE BEING PART OF THE AWARE</p> <p>6 GROUP?</p> <p>7 A. WHEN HEATHER DIVORCED ME.</p> <p>8 Q. WHICH WAS WHEN?</p> <p>9 A. I DON'T REMEMBER THE DATE.</p> <p>10 Q. THE YEAR?</p> <p>11 A. I DON'T REMEMBER THE YEAR.</p> <p>12 Q. COULD IT HAVE BEEN 2004?</p> <p>13 A. IT COULD HAVE BEEN.</p> <p>14 Q. OKAY.</p> <p>15 A. COULD HAVE BEEN 2002, 2003, I DON'T KNOW.</p> <p>16 Q. OKAY. WELL, WHY DON'T WE START -- I'LL START ASKING</p> <p>17 SOME QUESTIONS NOW ABOUT THE AWARE GROUP, THE</p> <p>18 FREEDOM TRUST GROUP, AND SOME OF THESE OTHER</p> <p>19 ENTITIES THAT YOU WERE INVOLVED IN. AND YOU CAN</p> <p>20 TELL ME, YOU KNOW, WHEN AND WHERE, WHEN IT STARTED,</p> <p>21 AND WHEN IT ENDED. SO, LET'S BEGIN WITH -- LET'S</p> <p>22 BEGIN WITH THE AWARE GROUP. WHEN WAS IT ORGANIZED?</p> <p>23 A. AWARE GROUP WASN'T ORGANIZED INITIALLY. WHEN</p> <p>24 HEATHER MOVED IN WITH ME, THAT'S WHEN IT BECAME MORE</p> <p>25 HOW YOU SAY ORGANIZED.</p>

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<p>1 Q. WHAT WAS IT BEFORE HEATHER MOVED IN WITH YOU?</p> <p>2 A. BEFORE THAT, IT WAS JUST RESEARCH. ME AND PEOPLE</p> <p>3 ALL OVER THE COUNTRY WERE SHARING RESEARCH WITH EACH</p> <p>4 OTHER. THAT'S ALL THE AWARE GROUP WAS MEANT TO BE.</p> <p>5 Q. AND WAS ANY OF THIS RESEARCH SOLD?</p> <p>6 A. AFTER AWARE GOT FORMALIZED.</p> <p>7 Q. OKAY. AND WHO OPERATED THE AWARE GROUP?</p> <p>8 A. HEATHER AND I.</p> <p>9 Q. AND CAN YOU JUST GIVE ME AN OVERVIEW OF WHAT AWARE</p> <p>10 GROUP WAS ORGANIZED TO DO?</p> <p>11 A. TO BRING OUR RESEARCH TO THE AMERICAN PEOPLE, WHAT</p> <p>12 WE AND THE OTHER MEMBERS IN THE AWARE GROUP FIND IN</p> <p>13 THE LAW LIBRARIES AND THE DEPOSITORIES.</p> <p>14 Q. AND DID AWARE GROUP DO THIS FOR FREE?</p> <p>15 A. INITIALLY, YEAH.</p> <p>16 Q. WHEN DID IT STOP DOING IT FOR FREE?</p> <p>17 A. WHEN HEATHER CAME ON.</p> <p>18 Q. OKAY. WHEN DID YOU AND HEATHER -- WHEN DID HEATHER</p> <p>19 COME ON?</p> <p>20 A. I DON'T REMEMBER THE YEAR. YOU MEAN WHEN I MET HER?</p> <p>21 I DON'T REMEMBER THE YEAR.</p> <p>22 Q. WAS IT ---</p> <p>23 A. IT WAS ABOUT TWO YEARS BEFORE WE GOT MARRIED, AND I</p> <p>24 DON'T REMEMBER THAT YEAR, EITHER.</p> <p>25 Q. OKAY. DID YOU GET MARRIED BEFORE THE YEAR 2000?</p>	<p>1 A. WE WERE COLLECTING INFORMATION.</p> <p>2 Q. OKAY.</p> <p>3 A. AND WE WERE TRYING TO RECIRCULATE THAT INFORMATION</p> <p>4 AND RECOVER ANY EXPENSES THAT WE HAD IN DOING SO.</p> <p>5 Q. AND HOW WOULD YOU RECOVER THOSE EXPENSES?</p> <p>6 A. WE WOULD SELL REPORTS. WE HAD TAPES THAT WE</p> <p>7 RECEIVED FROM SOURCES. WE WOULD SELL THAT.</p> <p>8 Q. WOULD YOU SELL MEMBERSHIP INTO THE AWARE GROUP?</p> <p>9 A. YES.</p> <p>10 Q. AND ABOUT WHAT DID THAT RUN?</p> <p>11 A. PROBABLY ABOUT 250, SOMETHING LIKE THAT. I DON'T</p> <p>12 REMEMBER. IT VARIED.</p> <p>13 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER EIGHT,</p> <p>14 FREEDOM FILES, ATTACHED.)</p> <p>15 EXAMINATION RESUMED BY MR. STRONG:</p> <p>16 Q. I'LL HAND YOU NOW WHAT I'VE MARKED AS EXHIBIT EIGHT.</p> <p>17 I'VE GIVEN A COPY TO YOUR LAWYER. TAKE A LOOK AT</p> <p>18 THIS FOR A MOMENT.</p> <p>19 A. ARE WE DONE WITH THIS, OR DO YOU WANT TO KEEP THIS</p> <p>20 OUT?</p> <p>21 Q. WELL, IT'S GOING TO GO BACK TO HER IN A MINUTE.</p> <p>22 A. OKAY. OKAY. I'M JUST GOING THROUGH TO SEE WHAT THE</p> <p>23 REST OF THIS IS.</p> <p>24 Q. READY?</p> <p>25 A. YEAH.</p>
Page 35	Page 37
<p>1 A. YEAH, I BELIEVE SO.</p> <p>2 Q. MARRIED BEFORE 1998?</p> <p>3 A. I DON'T REMEMBER.</p> <p>4 Q. OKAY. BUT IT WAS BEFORE 2000?</p> <p>5 A. IT WAS BEFORE 2000.</p> <p>6 Q. OKAY. SO, YOU HAD MET HER -- AND YOU MET HER A</p> <p>7 COUPLE YEARS BEFORE THAT?</p> <p>8 A. SOMEWHERE, YEAH, SOMEWHERE IN THE '90s, MID TO LATE</p> <p>9 '90s. I'M NOT SURE WHEN.</p> <p>10 Q. OKAY. AND AT THIS TIME, THIS IS WHEN YOU GUYS BEGAN</p> <p>11 FORMALIZING THE AWARE GROUP, WAS IN THE LATE '90s,</p> <p>12 THEN?</p> <p>13 A. ABOUT THE MID '90s.</p> <p>14 Q. OKAY.</p> <p>15 A. PAST '95.</p> <p>16 Q. SO, MID TO LATE '90s, THEN ---</p> <p>17 A. I THINK.</p> <p>18 Q. --- YOU'RE ORGANIZING THE AWARE GROUP. AND SO, NOW,</p> <p>19 WHEN I -- I ASKED YOU IF YOU WERE SELLING MATERIALS</p> <p>20 WITH THE AWARE GROUP, AND YOU SAID THAT BEGAN AFTER</p> <p>21 YOU FORMALIZED IT. HOW DID THAT -- HOW DID THAT</p> <p>22 WORK?</p> <p>23 A. BE MORE SPECIFIC. WHAT DO YOU MEAN, HOW DID THAT</p> <p>24 WORK?</p> <p>25 Q. WHAT WERE YOU SELLING?</p>	<p>1 Q. OKAY. SO, THE AWARE GROUP SOLD SOMETHING CALLED THE</p> <p>2 FREEDOM FILES SOFTWARE. IS THAT CORRECT?</p> <p>3 A. NO, AS A RESULT OF JOINING THE AWARE GROUP, THEY</p> <p>4 RECEIVED IT.</p> <p>5 Q. OKAY. SO, THEY SPENT MONEY, BOUGHT A MEMBERSHIP</p> <p>6 INTO THE AWARE GROUP, CORRECT?</p> <p>7 A. RIGHT.</p> <p>8 Q. AND WITH THAT, THEN, CAME A CD OF MATERIALS CALLED</p> <p>9 THE FREEDOM FILES?</p> <p>10 A. YEAH.</p> <p>11 Q. OKAY. PAGES ONE THROUGH FOUR, IS THAT A PRETTY --</p> <p>12 IS THAT A COMPLETE LIST OF THE MATERIALS THAT WERE</p> <p>13 INCLUDED IN THE FREEDOM FILES?</p> <p>14 A. I CAN'T SAY IT'S COMPLETE, BUT IT LOOKS SIMILAR TO</p> <p>15 WHAT I THINK WAS ON THERE.</p> <p>16 Q. OKAY. NOW, JUST TO BACK UP A BIT, DID YOU PREPARE</p> <p>17 THIS DOCUMENT?</p> <p>18 A. NO.</p> <p>19 Q. WHO WOULD?</p> <p>20 A. THIS DOCUMENT?</p> <p>21 Q. YES, THE FIRST FOUR PAGES.</p> <p>22 A. NO, THIS WAS A MUTUAL EFFORT WITH HEATHER AND I.</p> <p>23 ALL I COULD DO WAS GIVE HER IDEAS, BUT THIS WAS DONE</p> <p>24 ON A COMPUTER.</p> <p>25 Q. BUT YOU WOULD HAVE -- YOU WOULD HAVE HELPED IN THE</p>

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<p>1 PREPARATION OF IT INsofar AS PROVIDING INFORMATION</p> <p>2 TO ---</p> <p>3 A. THE MARKET ---</p> <p>4 Q. INFORMATION TO INCLUDE?</p> <p>5 A. THIS IS A MARKETING PIECE.</p> <p>6 Q. OKAY.</p> <p>7 A. VERY CLEARLY, IT'S A MARKETING PIECE.</p> <p>8 Q. AND THIS IS A MARKETING PIECE PUT OUT BY THE AWARE</p> <p>9 GROUP?</p> <p>10 A. AND -- YEAH.</p> <p>11 Q. OKAY. I'VE RECEIVED MOST OF THESE MATERIALS, BUT I</p> <p>12 DID WANT TO ASK ABOUT SOME THAT I HAVEN'T RECEIVED.</p> <p>13 AND LET'S START WITH THE RELIANCE MANUAL, WHICH IS</p> <p>14 ON PAGE TWO. WHAT IS THE RELIANCE MANUAL?</p> <p>15 A. YOU WANT ME TO READ THE LIST ON HERE?</p> <p>16 Q. I WANT YOU TO TELL ME -- I MEAN, YOU WERE GETTING A</p> <p>17 CD OF MATERIALS WITH SOMETHING CALLED THE RELIANCE</p> <p>18 MANUAL. WHAT DID YOU -- WHAT DID YOU THINK THE</p> <p>19 RELIANCE MANUAL WAS?</p> <p>20 A. I BELIEVE THAT TO BE INFORMATION THAT PEOPLE COULD</p> <p>21 RELY ON, WHATEVER IT WAS THAT IT WAS RELIABLE</p> <p>22 INFORMATION.</p> <p>23 Q. RELIABLE INFORMATION ABOUT WHAT?</p> <p>24 A. WHATEVER THE TOPIC WAS. PICK ONE OF THE TOPICS.</p> <p>25 Q. OKAY. WELL, LET'S START WITH LETTERS TO SENATORS,</p>	<p>1 YEARS AGO. I DON'T EVEN SEE THE DATE ON HERE, BUT</p> <p>2 IT'S AT LEAST THAT LONG. AND I DON'T HAVE ACCESS TO</p> <p>3 THESE FILES.</p> <p>4 Q. DO YOU HAVE ANY GENERAL SENSE OF WHAT THESE LETTERS</p> <p>5 WERE REGARDING?</p> <p>6 A. GENERAL SENSE? YES.</p> <p>7 Q. WHAT IS THAT?</p> <p>8 A. GENERAL SENSE WAS OPINIONS OF DIFFERENT PEOPLE,</p> <p>9 THESE VARIOUS PEOPLE, THESE VARIOUS INDIVIDUALS ON</p> <p>10 THEIR STUDIES. THIS PARTICULAR CASE, ON THE TAX</p> <p>11 ISSUE.</p> <p>12 Q. WHAT DO YOU MEAN BY THE TAX ISSUE?</p> <p>13 A. TO HELP PEOPLE WITH THEIR UNDERSTANDING OF THE TAX</p> <p>14 ISSUE.</p> <p>15 Q. CAN YOU CLARIFY WHAT YOU MEAN WHEN YOU SAY THE TAX</p> <p>16 ISSUE?</p> <p>17 A. TO HELP PEOPLE WITH THEIR UNDERSTANDING OF THE</p> <p>18 I.R.S.'S TAX.</p> <p>19 Q. OKAY. WHAT UNDERSTANDING IS THAT?</p> <p>20 A. THEY HAVE TO DRAW THEIR OWN CONCLUSIONS.</p> <p>21 Q. WELL, HOW WOULD THESE LETTERS ASSIST THEM IN DRAWING</p> <p>22 THOSE CONCLUSIONS?</p> <p>23 A. DOESN'T NECESSARILY ASSIST THEM IN DRAWING A</p> <p>24 CONCLUSION. WHAT IT DOES IS IT OPENS THEIR MINDS TO</p> <p>25 OTHER POSSIBILITIES.</p>
Page 39	Page 41
<p>1 WHAT WAS THAT?</p> <p>2 A. I DON'T KNOW. I'D HAVE TO SEE THAT. I'M FAMILIAR</p> <p>3 WITH THE CONKLIN LETTER AND ---</p> <p>4 Q. OKAY. WELL, WHY DON'T WE SKIP TO THE CONKLIN</p> <p>5 LETTER? WHAT IS THAT?</p> <p>6 A. THERE WERE SEVERAL LETTERS THAT WE HAD FROM PEOPLE</p> <p>7 THAT WE BELIEVED TO BE, THAT WE BELIEVED TO BE</p> <p>8 RELIABLE SOURCES AND WE PASSED THOSE LETTERS ON TO</p> <p>9 OTHER PEOPLE.</p> <p>10 Q. WHAT WAS THE CONTENT OF THE CONKLIN LETTER?</p> <p>11 A. I COULDN'T TELL YOU. I DON'T KNOW. I'D HAVE TO SEE</p> <p>12 THE CONKLIN LETTER, WHICH IS -- THERE'S NO DATE ON</p> <p>13 HERE, BUT IT'S -- IT'S OLD.</p> <p>14 Q. DO YOU STILL HAVE COPIES OF THE FREEDOM FILES CD?</p> <p>15 A. NO, I DON'T.</p> <p>16 Q. ALL RIGHT. LET'S SKIP TO THE CURTIS AND CURTIS</p> <p>17 LETTERS ON LIABILITY. WHAT DO YOU THINK -- WHAT</p> <p>18 DOES LIABILITY MEAN THERE? IN FACT, IT SAYS</p> <p>19 LIABILITY TO FILE. IT'S ---</p> <p>20 A. YEAH, I SEE THAT, BUT I WOULD HAVE TO -- I WOULD</p> <p>21 HAVE TO SEE THE LETTER. IT'S NOT POSSIBLE FOR ME TO</p> <p>22 COMMENT ON WHAT I THINK IT WOULD BE UNLESS I SEE IT.</p> <p>23 Q. WELL, YOU SOLD THIS MATERIAL, CORRECT? OR YOU WERE</p> <p>24 PROVIDING THIS MATERIAL?</p> <p>25 A. COUNSEL, BUT THIS WAS FIVE YEARS AGO, MAYBE SIX</p>	<p>1 Q. OKAY. WHAT OTHER POSSIBILITIES?</p> <p>2 A. THAT NOT ALL IS AS APPEARS TO BE.</p> <p>3 Q. WHAT DO YOU MEAN BY THAT?</p> <p>4 A. I THINK THOSE WORDS ARE SELF-EVIDENT.</p> <p>5 Q. WELL, CAN YOU EXPLAIN THEM IN A LITTLE BIT MORE</p> <p>6 DETAIL? I MEAN, WHAT IS THERE NOT ALL THAT THERE</p> <p>7 APPEARS -- WHAT IS -- WHAT IS THE APPEARANCE?</p> <p>8 A. I DON'T REALLY KNOW HOW TO ANSWER THAT.</p> <p>9 Q. WOULD IT BE DISCUSSING WHETHER INDIVIDUALS ARE</p> <p>10 REQUIRED TO FILE INCOME TAX RETURNS?</p> <p>11 A. THAT WOULD PROBABLY BE BASED ON THEIR OWN ASSESSMENT</p> <p>12 OF WHAT THE FACTS WERE FOR THEIR OWN INDIVIDUAL CASE</p> <p>13 FOR THEMSELVES.</p> <p>14 Q. AND WHAT FACTS ARE WE TALKING ABOUT HERE?</p> <p>15 A. IT'S AS VARIABLE AS FINGERPRINTS. EVERYBODY'S</p> <p>16 DIFFERENT. I CAN'T MAKE A STATEMENT ON THAT.</p> <p>17 Q. BUT HOW DO THESE LETTERS ASSIST THEM IN LEARNING</p> <p>18 WHAT THESE FACTS ARE?</p> <p>19 A. BECAUSE IT DREW A LOT OF POINTS OF LAW. IT DREW A</p> <p>20 LOT OF INFORMATION FROM DIFFERENT CASES.</p> <p>21 Q. WELL, WHAT POINTS OF LAW?</p> <p>22 A. AGAIN, I DON'T HAVE THE LETTERS. HOW CAN I MAKE A</p> <p>23 COMMENT ON THAT?</p> <p>24 Q. WELL, YOU SOLD -- BUT YOU WERE PROVIDING THESE</p> <p>25 MATERIALS TO FOLKS. CERTAINLY, YOU'VE READ THEM.</p>

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<p>1 A. BUT IT DOESN'T MEAN THAT I HAVE TO REMEMBER 2 EVERYTHING AND IT DOESN'T -- HOW MANY PAGES ARE IN 3 HERE? THIS RELIANCE MANUAL, THAT'S 510 PAGES BY 4 ITSELF. THAT'S A LOT OF MEMORY. AND COUNSELOR --- 5 Q. WHEN YOU WERE WORKING WITH THE AWARE GROUP, WOULD 6 PEOPLE CALL YOU AND ASK TO GET INFORMATION? 7 A. YES. 8 Q. AND SO, YOU WOULD PROVIDE INFORMATION REGARDING SOME 9 OF THESE MATERIALS? 10 A. IT DEPENDS ON WHAT THEY WOULD ASK. SOMETIMES THEY 11 WOULD ASK FOR SOMETHING THAT I HAVE NO KNOWLEDGE OF 12 OR NO IDEA OF. 13 Q. BUT SOMETIMES THEY WOULD ASK YOU FOR INFORMATION 14 ABOUT THESE MATERIALS? 15 A. SOMETIMES THEY WOULD. 16 Q. SO, YOU WOULD PROVIDE THEM INFORMATION REGARDING, 17 SAY, WHAT'S IN THE RELIANCE MANUAL? 18 A. YOU MEAN IF THEY WANTED THE MATERIALS THEMSELVES OR 19 CALLING TO QUESTION ME ABOUT IT? 20 Q. NO, IF THEY HAD QUESTIONS ABOUT IT. 21 A. OH, MISUNDERSTANDING WITH ME, NO. I DIDN'T DISCUSS 22 THOSE LETTERS WITH THEM. 23 Q. WHAT IS YOUR UNDERSTANDING OF WHAT IS REQUIRED BY 24 THE I.R.S.? 25 A. MY UNDERSTANDING WOULD BE THAT THEY WANT EVERYBODY</p>	<p>1 OTHERS ASKING THEM TO JOIN THE AWARE GROUP. 2 A. OKAY. NOW, I UNDERSTAND. YOU'RE ASKING ME IF 3 THAT'S WHAT THIS IS? 4 Q. IF THIS IS PART OF THAT LETTER AND IF THAT IS THE 5 PURPOSE OF THAT LETTER. 6 A. CAN YOU REPHRASE YOUR QUESTION? ARE YOU SAYING IS 7 THIS LETTER ASKING FOR REFERRALS? 8 Q. WHY DON'T I JUST ASK A MORE GENERAL QUESTION. WHAT 9 IS THIS LETTER? 10 A. THAT'S A LITTLE TOO GENERAL. IT'S LIKE I ALREADY 11 ANSWERED THAT. IT WAS A MARKETING PIECE. 12 Q. DID THE AWARE GROUP ASK ITS MEMBERS TO SEND OUT THIS 13 LETTER TO OTHERS? 14 A. CAN'T SAY YES OR NO. SOUNDS LIKE -- SOUNDS 15 REASONABLE TO ME. 16 Q. IF YOU LOOK AT THE FIRST PAGE, IT SAYS WE HAVE 17 INCLUDED A LETTER AT THE END OF THIS SECTION. 18 A. OKAY. 19 Q. SO, BASED ON THAT SENTENCE, IS IT REASONABLE TO 20 BELIEVE THAT THE AWARE GROUP WAS ENCOURAGING ITS 21 MEMBERS TO SEND OUT THIS LETTER TO OTHERS TO 22 ENCOURAGE THEM TO JOIN THE AWARE GROUP? 23 BY MR. BENNETT: 24 YOU NEED TO ANSWER OUT LOUD. 25 BY THE WITNESS:</p>
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<p>1 TO BE IN COMPLIANCE AND DO AS THEY ARE TOLD. 2 Q. HOW WOULD ONE BE IN COMPLIANCE? 3 A. BY DOING WHAT THEY ARE TOLD. 4 Q. AND WHAT IS THAT? 5 A. WHATEVER THEY TELL. 6 Q. WHAT ARE THEY TELLING? 7 A. WHATEVER THEY TELL. YOU DON'T ARGUE WITH POWER. 8 Q. LET'S -- IF YOU ACTUALLY WILL TURN TO PAGE TEN OF 9 THIS MATERIAL, MAYBE THIS WILL HELP ANSWER SOME 10 QUESTIONS. I HAVE NUMBERED THEM MYSELF. ON THE 11 TOP, IT SAYS YOU WILL RECEIVE FREE SOFTWARE THAT 12 SHOWS YOU --- 13 A. OKAY. LET ME --- 14 Q. YOU WILL RECEIVE FREE SOFTWARE THAT SHOWS YOU HOW TO 15 GET THE GOVERNMENT OFF YOUR BACK AND OUT OF YOUR 16 LIFE. AND I WANT TO BACK UP HERE. THIS IS -- THIS 17 IS A LETTER THAT, IF I'M NOT MISTAKEN, THIS IS PART 18 OF THE LETTER THAT YOU WERE OR THE AWARE GROUP WAS 19 ENCOURAGING MEMBERS TO SEND OUT TO OTHER PEOPLE TO 20 ENCOURAGE THEM TO JOIN MEMBERSHIP WITHIN THE AWARE 21 GROUP. 22 A. SAY THAT AGAIN, PLEASE. 23 Q. THIS IS A REFERRAL -- THIS IS MY UNDERSTANDING THAT 24 THIS IS A REFERRAL LETTER, WHERE YOU WOULD ENCOURAGE 25 CURRENT MEMBERS OF THE AWARE GROUP TO SEND OUT TO</p>	<p>1 I'M SORRY. YES. 2 EXAMINATION RESUMED BY MR. STRONG: 3 Q. NOW, LET'S TURN BACK TO THE PAGE THAT WE WERE 4 LOOKING AT BEFORE. AND I'M SPECIFICALLY LOOKING 5 UNDER WHERE IT SAYS RELIANCE. 6 A. OKAY. 7 Q. OKAY. TAKE A MINUTE AND READ THAT PARAGRAPH IN A 8 MINUTE HERE. 9 A. OKAY. 10 Q. OKAY. BASED ON YOUR UNDERSTANDING OF WHAT WAS IN 11 THE RELIANCE PACKAGE, IS THAT PARAGRAPH UNDERNEATH 12 RELIANCE ACCURATE AS TO WHAT MATERIALS THEREIN 13 CONTAINED? 14 A. YOU MEAN LETTERS FROM PROFESSIONALS, ACCOUNTANTS 15 PARALEGALS, I.R.S. AGENTS, FORMER MAGISTRATES, 16 FORMER JUDGES? 17 Q. YES. 18 A. EVEN INCLUDING A U.S. SENATE LETTERHEAD. 19 Q. SO, THAT'S -- OKAY. SO, THAT'S -- THE LETTERS ARE 20 WHAT WERE INCLUDED WITHIN THAT RELIANCE MANUAL, 21 CORRECT? 22 A. YES. 23 Q. AND NOW, THE NEXT SENTENCE SAYS THE CONCLUSION TO 24 ALL THESE LETTERS IS THE SAME AND ANSWERS THE 25 QUESTION OF WHAT MAKES ONE LIABLE TO FILE AND PAY</p>

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<p style="text-align: right;">Page 46</p> <p>1 THE INCOME TAX.</p> <p>2 A. OKAY. THAT'S THE QUESTION?</p> <p>3 Q. BUT YOU AGREE THAT -- DO YOU KNOW WHAT THE ANSWER TO</p> <p>4 THAT QUESTION WAS?</p> <p>5 A. THEY KIND OF POINT IN ONE DIRECTION, BUT IT'S --</p> <p>6 EVERYBODY HAS TO MAKE UP THEIR OWN MIND.</p> <p>7 Q. WELL, WHAT DIRECTION DOES IT POINT?</p> <p>8 A. THESE PEOPLE WERE ALL OF THE OPINION -- THESE ARE</p> <p>9 OPINION LETTERS, IS WHAT THEY WERE CALLED. THESE</p> <p>10 OPINION LETTERS WERE OF THEIR OPINION THAT THERE IS</p> <p>11 NOTHING THAT SPECIFICALLY AND UNEQUIVOCALLY MAKES</p> <p>12 ONE LIABLE.</p> <p>13 Q. AND WHY IS THAT?</p> <p>14 A. YOU'RE ASKING FOR CONJECTURE OR WHAT?</p> <p>15 Q. WELL, I'M ASKING YOU WHAT MAKES ONE, YOU KNOW, WHAT</p> <p>16 WERE THEIR CONCLUSIONS AS TO WHY ONE WOULD NOT BE</p> <p>17 LIABLE FOR THE INCOME TAX?</p> <p>18 A. I WOULD HAVE TO HAVE ALL THEIR LETTERS AND READ THEM</p> <p>19 THAT THEY HAD -- THEY HAD ALL DIFFERENT -- THEY HAD</p> <p>20 ALL DIFFERENT REASONS, DIFFERENT AXES TO GRIND,</p> <p>21 DIFFERENT INFORMATION. THEY WERE NOT THE SAME.</p> <p>22 THEY WERE NOT -- THEY WERE NOT TEMPLATE LETTERS OR</p> <p>23 STAMPED OUT LETTERS.</p> <p>24 Q. BUT AWARE GROUP DID ADVERTISE THAT YOU COULD RELY ON</p> <p>25 THIS TAX INFORMATION, CORRECT?</p>	<p style="text-align: right;">Page 48</p> <p>1 Q. BUT THAT'S WHAT YOU WROTE IN THIS LETTER?</p> <p>2 A. IT WASN'T THE INTENT. IT'S NOT WORDED THAT WAY.</p> <p>3 Q. YOU AGREE, THOUGH, IT IS WORDED YOU CAN RELY ON THIS</p> <p>4 TAX INFORMATION.</p> <p>5 A. BUT IT DOESN'T SAY TO DO WHAT.</p> <p>6 Q. WHAT IS A LEVY RELEASE PACKAGE?</p> <p>7 A. WHERE DO YOU SEE THAT?</p> <p>8 Q. LAST SENTENCE OF THAT PARAGRAPH.</p> <p>9 A. OH. THAT, I DON'T KNOW.</p> <p>10 Q. WHY DON'T WE JUST TAKE A BREAK HERE FOR A SECOND?</p> <p>11 (OFF THE RECORD 2:08 P.M. - 2:13 P.M.)</p> <p>12 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER NINE,</p> <p>13 NEWSLETTER, ATTACHED.)</p> <p>14 EXAMINATION RESUMED BY MR. STRONG:</p> <p>15 Q. THE COURT REPORTER HAS PUT IN FRONT OF YOU WHAT HAS</p> <p>16 BEEN MARKED AS PLAINTIFF'S EXHIBIT NUMBER NINE, AND</p> <p>17 I'VE HANDED A COPY TO COUNSEL. IS THIS -- WHAT IS</p> <p>18 THIS?</p> <p>19 A. IT'S A NEWSLETTER, WE'RE AMERICAN NEWSLETTER.</p> <p>20 Q. THIS IS A NEWSLETTER THAT AWARE GROUP WOULD HAVE PUT</p> <p>21 OUT?</p> <p>22 A. YES.</p> <p>23 Q. OKAY. SO, YOU WOULD HAVE PUT THIS OUT?</p> <p>24 A. WELL, WHEN YOU SAY YOU, YOU MEAN ME, SPECIFICALLY,</p> <p>25 OR ---</p>
<p style="text-align: right;">Page 47</p> <p>1 A. YOU CAN RELY ON THIS INFORMATION AS FAR AS THE</p> <p>2 PEOPLE THAT IT'S COMING FROM. YOU KNOW, IF YOU CANT</p> <p>3 RELY ON PROFESSIONALS, ACCOUNTANTS, PARALEGALS,</p> <p>4 I.R.S. ENROLLED AGENTS, ATTORNEYS, MAGISTRATES,</p> <p>5 JUDGES.</p> <p>6 Q. EVEN IF ---</p> <p>7 A. SENATE, THE SENATE MEMBERS, WHO CAN YOU RELY ON,</p> <p>8 OTHER THAN GOD?</p> <p>9 Q. BUT YOU'RE SAYING WHATEVER IS IN THESE LETTERS, THAT</p> <p>10 THEY COULD RELY ON THAT INFORMATION AND THEY</p> <p>11 WOULDN'T NEED TO DRAW THEIR OWN CONCLUSIONS?</p> <p>12 A. NO, IT'S WORDED INTERESTINGLY, BUT THEY CAN DRAW</p> <p>13 THEIR OWN CONCLUSION.</p> <p>14 Q. BUT THEY CAN ALSO RELY ON THE CONCLUSIONS OF THESE</p> <p>15 OF THESE PARTICULAR FOLKS?</p> <p>16 A. THEY CAN ALWAYS RELY ON THEIR OWN CONCLUSIONS.</p> <p>17 EVERYBODY DOES.</p> <p>18 Q. I DIDN'T -- THAT'S NOT THE QUESTION I ASKED, THOUGH.</p> <p>19 I ASKED WHETHER THEY COULD RELY ON THE OPINIONS</p> <p>20 EXPRESSED THEREIN.</p> <p>21 A. ASK IT ANOTHER WAY. ARE YOU ASKING AM I GIVING ---</p> <p>22 Q. ARE YOU -- IS THE AWARE GROUP ADVERTISING THAT YOU</p> <p>23 CAN RELY ON THE INFORMATION PROVIDED BY THESE</p> <p>24 PEOPLE?</p> <p>25 A. IT WASN'T OUR INTENT, NO.</p>	<p style="text-align: right;">Page 49</p> <p>1 Q. WELL, INSOFAR AS YOUR ---</p> <p>2 A. OR ME ALONG WITH THE AWARE ---</p> <p>3 Q. YOU'RE WORKING WITH THE AWARE GROUP AND ON THE AWARE</p> <p>4 GROUP?</p> <p>5 A. YEAH.</p> <p>6 Q. BEFORE WE TOOK THE BREAK, WE WERE TALKING ABOUT WHAT</p> <p>7 THE LEVY RELEASE PACKAGE WAS, AND I AM NOW LOOKING</p> <p>8 AT PAGE SIX OF THIS, OF EXHIBIT NINE HERE. AND</p> <p>9 SPECIFICALLY, IF YOU LOOK OVER ON THE RIGHT-HAND</p> <p>10 SIDE WHERE IT SAYS BONUS NUMBER THREE, FREEDOM</p> <p>11 FILES, IN THE SECOND PARAGRAPH DOWN.</p> <p>12 A. OKAY.</p> <p>13 Q. DOES THIS JOG YOUR MEMORY AT ALL AS TO WHAT THE LEVY</p> <p>14 RELEASE PACKAGE WAS?</p> <p>15 A. NOT WITH FORMS AND STUFF, I WASN'T BIG ON FORMS. I</p> <p>16 WAS -- HEATHER WOULD DO MORE OF THAT, BUT -- I'LL DO</p> <p>17 THE BEST I CAN. GO AHEAD.</p> <p>18 Q. SO, WHAT WAS -- WHAT WAS THE LEVY RELEASE PACKAGE?</p> <p>19 A. FORMS AND DOCUMENTS TO HELP WITH THE RELEASE OF</p> <p>20 STATE OR FEDERAL TAX LEVY, HELP IN ASSET RECOVERY,</p> <p>21 USUALLY MONEY OR PAYCHECKS AND ACCOUNTS TAKEN UNDER</p> <p>22 NOTICE OF LEVY.</p> <p>23 Q. DO YOU RECALL WHAT THESE FORMS PROVIDED?</p> <p>24 A. WELL, IF THEY -- IF IT SAYS AS IT IS, NINE-PAGE</p> <p>25 LETTER. THAT'S -- YOU MEAN CAN I CALL UP THE FORMS</p>

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<p style="text-align: right;">Page 50</p> <p>1 AND EXACTLY WHAT WAS IN THAT PACKAGE IN MY MIND?</p> <p>2 NO.</p> <p>3 Q. DO YOU KNOW WHAT THEORY THEY WOULD HAVE HELPED THEM</p> <p>4 RELEASE WITH THE STATE OR FEDERAL TAX LEVY?</p> <p>5 A. WHAT THE THEORY? YOU'RE ASKING ---</p> <p>6 Q. WHAT ---</p> <p>7 A. YOU'RE ASKING ME TO MAKE A CONJECTURE ON THAT?</p> <p>8 Q. I'M ASKING YOU WHAT YOUR REFLECTION IS, SINCE YOU</p> <p>9 PROVIDED THESE FORMS, TOO.</p> <p>10 A. THAT'S -- I JUST WANT TO GET THE SAME, BE ON THE</p> <p>11 SAME PAGE WITH THE WORDS. YOU'RE ASKING ME FOR MY</p> <p>12 CONJECTURE ON WHAT I BELIEVE TO BE ---</p> <p>13 Q. NO, I'M ASKING WHAT -- YOU PROVIDED THESE FORMS.</p> <p>14 A. UH-HUH.</p> <p>15 Q. TO AWARE GROUP MEMBERS, CORRECT?</p> <p>16 A. I'M SORRY. YES. I WON'T DO IT AGAIN.</p> <p>17 Q. BECAUSE YOU PROVIDED THESE FORMS AND DOCUMENTS, I'M</p> <p>18 ASKING YOU WHAT WAS IN THESE FORMS AND DOCUMENTS</p> <p>19 THAT YOU WERE PROVIDING TO THE MEMBERS OF YOUR</p> <p>20 GROUP.</p> <p>21 A. OKAY. THERE'S NO WAY I CAN TELL YOU WHAT WAS IN</p> <p>22 THEM, BECAUSE I DON'T HAVE THE DOCUMENTS.</p> <p>23 Q. BUT YOU DON'T RECALL -- DO YOU RECALL WHAT WAS IN</p> <p>24 THE DOCUMENTS?</p> <p>25 A. I WOULD NEED TO SEE THE DOCUMENTS TO BE ABLE TO</p>	<p style="text-align: right;">Page 52</p> <p>1 PEOPLE?</p> <p>2 A. THAT THE I.R.S. HAD AUTHORITY TO LEVY GOVERNMENT</p> <p>3 EMPLOYEES. THERE WAS NO PROVISION IN THAT PARAGRAPH</p> <p>4 A. THAT'S WHY IT WAS DELETED.</p> <p>5 Q. I'M CONFUSED. WHAT DO YOU MEAN THEY HAD THE</p> <p>6 AUTHORITY TO LEVY ON GOVERNMENT EMPLOYEES?</p> <p>7 A. I'M JUST TELLING YOU WHAT I REMEMBER OUT OF MY HEAD.</p> <p>8 Q. OKAY.</p> <p>9 A. SO, YOU'RE ASKING ME WHAT DO I MEAN? I WAS -- I'M</p> <p>10 GIVING YOU THE CIRCUMSTANCES.</p> <p>11 Q. DID THAT -- DO YOU MEAN THAT THEY WOULDN'T, THE</p> <p>12 I.R.S. WOULD NOT HAVE AUTHORITY TO LEVY ON SOMEBODY</p> <p>13 WHO WAS NOT A GOVERNMENT EMPLOYEE?</p> <p>14 A. IT KIND OF GIVES THAT IMPRESSION WHEN THEY</p> <p>15 DELIBERATELY LEAVE OUT PARAGRAPH A.</p> <p>16 Q. IS THAT AN IMPRESSION YOU SHARE?</p> <p>17 A. I WOULD LOOK THE COMMISSIONER RIGHT IN THE EYE AND</p> <p>18 ASK WHY IS THAT LEFT OUT? WHAT'S THE PURPOSE OF</p> <p>19 LEAVING THAT OUT?</p> <p>20 Q. SO, IS THAT A YES OR A NO?</p> <p>21 A. THAT WOULD BE A YES.</p> <p>22 Q. CONTINUING ON WITH THIS, IN THIS BONUS NUMBER THREE,</p> <p>23 IT DESCRIBES FOUR LETTERS. CAN YOU JUST TAKE A</p> <p>24 MINUTE THERE AND READ THAT?</p> <p>25 A. OKAY.</p>
<p style="text-align: right;">Page 51</p> <p>1 RECALL THE DOCUMENTS.</p> <p>2 Q. IS IT FAIR TO SAY THAT THE CONCLUSION OF THESE</p> <p>3 DOCUMENTS WOULD HAVE BEEN TO HELP TRY TO GET A LEVY</p> <p>4 RELEASE?</p> <p>5 A. THAT WOULD BE FAIR TO SAY.</p> <p>6 Q. DO YOU REMEMBER WHY YOU WOULD BE, YOU WOULD BE --</p> <p>7 WHY BY FILLING OUT THESE FORMS, YOU WOULD BE</p> <p>8 ELIGIBLE FOR A LEVY RELEASE?</p> <p>9 A. HOW DO I ANSWER THAT? I RECALL A DOCUMENT, A NOTICE</p> <p>10 OF, I BELIEVE A NOTICE OF LIEN OR A NOTICE OF LEVY,</p> <p>11 AN I.R.S. DOCUMENT, AND I REMEMBER I WAS AT A</p> <p>12 SEMINAR AND THIS GUY WAS POUNDING ON THE TABLE,</p> <p>13 POUNDING ON THE TABLE, BECAUSE HE WAS ASKING PEOPLE</p> <p>14 TO READ THE FIRST PARAGRAPH, WHICH I CAN'T REMEMBER</p> <p>15 THE GUY'S NAME. IT HAPPENED IN CALIFORNIA. AND IT</p> <p>16 GOT PASSED AROUND TO FOUR OR FIVE PEOPLE, AND HE</p> <p>17 KEPT GETTING MADDER AND MADDER AT PEOPLE, BECAUSE</p> <p>18 THEY WEREN'T READING THE FIRST PARAGRAPH AND WE</p> <p>19 DIDN'T UNDERSTAND WHAT HE WAS DOING. AND THEN, HE</p> <p>20 SAID, THERE IS NO FIRST PARAGRAPH ON THIS.</p> <p>21 PARAGRAPH A WAS OMITTED AND THEN HE READ OUT OF THE</p> <p>22 CODE PARAGRAPH A, AND IT BASICALLY DESCRIBED THAT</p> <p>23 NOTICES OF LEVY WERE GOOD FOR BASICALLY GOVERNMENT</p> <p>24 PEOPLE, I THINK, IS WHAT IT WAS.</p> <p>25 Q. WHAT DO YOU MEAN THEY WERE GOOD FOR GOVERNMENT</p>	<p style="text-align: right;">Page 53</p> <p>1 Q. HAVING READ THE DESCRIPTION OF THOSE FOUR LETTERS</p> <p>2 NOW, WOULD THOSE HAVE BEEN THE KIND OF LETTERS THAT</p> <p>3 YOU WOULD HAVE INCLUDED IN THE RELIANCE MANUAL THAT</p> <p>4 WE WERE TALKING ABOUT EARLIER?</p> <p>5 A. YES.</p> <p>6 Q. OKAY. AND DID YOU HAVE AN OPPORTUNITY TO READ THE</p> <p>7 PARAGRAPH -- YOU RECALL -- LET ME, I'LL JUST BACK UP</p> <p>8 HERE ONE SECOND. YOU RECALL WHEN WE WERE DISCUSSING</p> <p>9 WITHIN EXHIBIT NUMBER EIGHT, UNDER THE RELIANCE</p> <p>10 MANUAL, THE CONCLUSION OF ALL THESE LETTERS IS THE</p> <p>11 SAME AND ANSWERS THE QUESTION OF WHAT MAKES ONE</p> <p>12 LIABLE TO FILE AND PAY THE INCOME TAX.</p> <p>13 A. WHAT IS YOUR QUESTION?</p> <p>14 Q. I'M -- WELL, I'M SETTING UP FOR THE QUESTION HERE.</p> <p>15 WE WERE DISCUSSING THAT. SO, NOW, THE NEXT, IN THE</p> <p>16 BONUS NUMBER THREE, DID YOU HAVE AN OPPORTUNITY TO</p> <p>17 READ THE NEXT, THE NEXT COUPLE OF PARAGRAPHS AFTER</p> <p>18 THE DESCRIPTION OF THE LETTERS?</p> <p>19 A. YEAH, WHERE IT SAYS THE BOTTOM LINE?</p> <p>20 Q. UH-HUH. AND IN FACT, LET'S -- I'LL BACK UP ONE</p> <p>21 MORE. THE PARAGRAPH BEFORE SAID LETTER NUMBER ONE,</p> <p>22 IT SAYS FOUR OPINION LETTERS WRITTEN BY</p> <p>23 PROFESSIONALS ANSWERING THE QUESTION WHERE IN THE</p> <p>24 INTERNAL REVENUE CODE AM I LIABLE FOR INCOME TAXES?</p> <p>25 A. UH-HUH.</p>

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<p>1 Q. WHAT IS THE BOTTOM LINE TO THESE LETTERS?</p> <p>2 A. WELL, BASED ON WHAT THESE PEOPLE SAY, THEY CLAIM</p> <p>3 THAT WITH THEIR EVIDENCE AND WITH WHAT THEY HAVE,</p> <p>4 THAT ONE ISN'T LIABLE.</p> <p>5 Q. OKAY. AND THAT THE INCOME TAX IS PURELY VOLUNTARY?</p> <p>6 IS THAT CORRECT?</p> <p>7 A. IT DEPENDS ON HOW YOU DEFINE THE INCOME TAX.</p> <p>8 Q. OKAY. AND WHAT DO YOU -- WHAT DO YOU THINK OF WHEN</p> <p>9 I SAY THE INCOME TAX?</p> <p>10 A. I ONLY HAVE TO ASK YOU WHAT YOU MEAN BY IT.</p> <p>11 Q. WELL, WHAT IS YOUR UNDERSTANDING OF WHAT THE INCOME</p> <p>12 TAX IS?</p> <p>13 A. IT VARIES FROM INDIVIDUAL TO INDIVIDUAL, AND IT</p> <p>14 VARIES FROM TIME TO TIME.</p> <p>15 Q. WHAT DO YOU MEAN BY THAT?</p> <p>16 A. ASK ME -- ASK ME THE SAME QUESTION, BUT MAYBE A</p> <p>17 LITTLE DIFFERENTLY BECAUSE IT'S NOT -- IT'S NOT</p> <p>18 CIRCULATING IN MY MIND, PERHAPS, THE SAME.</p> <p>19 Q. I'M ASKING YOU WHAT YOUR UNDERSTANDING OF WHAT THE</p> <p>20 INCOME TAX IS.</p> <p>21 A. MY UNDERSTANDING, YOU MEAN OF TITLE 26?</p> <p>22 Q. OF THE INCOME TAX. YOU KNOW, IF IT MEANS TITLE 26</p> <p>23 TO YOU, I MEAN, WHAT ---</p> <p>24 A. ALL RIGHT. MY -- MY UNDERSTANDING IS THAT THERE ARE</p> <p>25 CERTAIN PROVISIONS WHERE PEOPLE ARE LIABLE AND THERE</p>	<p>1 LETTER AND HOW THEY PERCEIVED IT.</p> <p>2 Q. BUT YOUR QUOTE MADE -- YOU PUT A QUOTATION IN HERE,</p> <p>3 YOUR INCOME TAX IS 100% VOLUNTARY TAX AND LIQUOR TAX</p> <p>4 IS 100% ENFORCED TAX.</p> <p>5 A. THAT CAME OUT OF A CONGRESSIONAL REPORT, I BELIEVE,</p> <p>6 OR SOMEBODY IN FRONT OF A CONGRESSIONAL COMMITTEE.</p> <p>7 I THINK THAT CAME IN 1954, OR RIGHT AROUND THERE.</p> <p>8 Q. BUT THAT, AND THE CONCLUSION THAT CAN BE, THAT</p> <p>9 SHOULD BE DRAWN FROM THAT IS THAT THE INCOME TAX IS</p> <p>10 PURELY VOLUNTARY, CORRECT?</p> <p>11 A. THERE'S A LOT OF INFORMATION OUT THERE THAT WOULD</p> <p>12 MAKE THAT APPEAR SO, IF SOMEONE STUDIES IT.</p> <p>13 Q. AND YOU PROVIDED THAT INFORMATION TO MEMBERS OF THE</p> <p>14 AWARE GROUP?</p> <p>15 A. I PROVIDED THAT INFORMATION TO MEMBERS OF THE AWARE</p> <p>16 GROUP, ALONG WITH MUCH INFORMATION, YES.</p> <p>17 Q. OKAY. WITHIN THE RELIANCE MANUAL, WAS THERE</p> <p>18 INFORMATION WHERE SOMEBODY COULD SEND AWAY TO GET</p> <p>19 PERSONALIZED LETTERS?</p> <p>20 A. THERE -- I THINK THERE WAS.</p> <p>21 Q. WHY WOULD YOU NEED A PERSONALIZED LETTER?</p> <p>22 A. I WOULDN'T, BUT IF THEY DID, THEY COULD GET IT.</p> <p>23 THEY WOULD -- THEY WOULD -- WE PUT THEM IN TOUCH</p> <p>24 WITH THE PEOPLE.</p> <p>25 Q. WHY DO YOU -- WHY WOULD YOU -- WHY WOULD THEY NEED</p>
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<p>1 ARE CERTAIN POSITIONS WHERE PEOPLE ARE NOT LIABLE.</p> <p>2 Q. AND WHAT MAKES A PERSON LIABLE FOR THE INCOME TAX?</p> <p>3 A. DEPENDS ON THE INDIVIDUAL. IT DEPENDS ON WHAT THEIR</p> <p>4 ACTIVITIES ARE AND WHAT THEY'RE DOING.</p> <p>5 Q. OKAY. WELL, WHAT DETERMINATIVE FACTORS ARE WE</p> <p>6 LOOKING AT THAT WOULD MAKE ONE LIABLE FOR THE INCOME</p> <p>7 TAX?</p> <p>8 A. DEFINITION OF THE WORD INCOME. SOMETIMES JUST THEIR</p> <p>9 SIGNATURE.</p> <p>10 Q. OKAY. WHAT DO YOU MEAN BY THEIR SIGNATURE?</p> <p>11 A. MAKING AN ADMISSION WITH A SIGNATURE ON IT.</p> <p>12 Q. AN ADMISSION TO WHOM?</p> <p>13 A. TO THE I.R.S., AN ADMISSION OF LIABILITY.</p> <p>14 Q. WITHIN THE LETTERS THAT YOU WERE, THAT YOU SAY WERE</p> <p>15 PART OF THE, OF WHAT WAS INCLUDED IN THE RELIANCE</p> <p>16 MANUAL, THESE FOUR LETTERS THAT ARE DESCRIBED HERE</p> <p>17 IN THIS NEWSLETTER?</p> <p>18 A. UH-HUH.</p> <p>19 Q. OKAY. WHAT THEIR CONCLUSION, IF I'M CORRECT, IS</p> <p>20 THAT A PERSON IS NOT LIABLE TO PAY AN INCOME TAX.</p> <p>21 IS THAT CORRECT?</p> <p>22 A. PRETTY MUCH.</p> <p>23 Q. WHAT DO YOU MEAN, PRETTY MUCH?</p> <p>24 A. I MEAN, PRETTY MUCH. PEOPLE WILL DRAW THEIR OWN</p> <p>25 CONCLUSIONS ON IT, DEPENDING ON WHAT WAS IN THE</p>	<p>1 TO BE PUT IN TOUCH WITH THE PEOPLE?</p> <p>2 A. I HAVE NO IDEA. YOU'D HAVE TO ASK THEM.</p> <p>3 Q. OKAY. WELL, WHY DID YOU FEEL IT NECESSARY TO</p> <p>4 INCLUDE THEIR ADDRESS SO THEY COULD CONTACT THEM?</p> <p>5 A. JUST AS A SERVICE. MAYBE THEY WANTED TO QUESTION</p> <p>6 THE LETTERS. THERE COULD BE A LOT OF DIFFERENT</p> <p>7 ANSWERS TO THAT.</p> <p>8 Q. BUT THEY WERE GETTING -- THEY WERE -- YOU WERE</p> <p>9 ASKING THEM TO SEND AWAY TO GET COPIES OF THESE</p> <p>10 LETTERS WITH THEIR NAME INCLUDED, RIGHT?</p> <p>11 A. UH-HUH.</p> <p>12 Q. OKAY.</p> <p>13 A. PERSONALIZED.</p> <p>14 Q. SO, THEY'RE GETTING -- BUT THEY'RE GETTING THE SAME</p> <p>15 FORM LETTER?</p> <p>16 A. YEAH, IT WAS A FORM LETTER. I MEAN, I NEVER GOT</p> <p>17 ONE, SO I WOULDN'T -- I WOULDN'T MAKE A PRESUMPTION</p> <p>18 THAT THAT'S WHAT THEY WERE GETTING IF THEY DID THAT.</p> <p>19 Q. DO YOU KNOW WHAT THEY WOULD USE THESE FORM LETTERS</p> <p>20 FOR?</p> <p>21 A. NO, I WASN'T INVOLVED WITH THEIR, WHATEVER THAT IS,</p> <p>22 IF THEY HAD AN ISSUE OR IF IT WAS THEY WERE JUST</p> <p>23 WANTING TO LEARN, THEY WERE BUILDING PAPER WORK. A</p> <p>24 LOT OF PEOPLE DID THAT, JUST WANTED TO HAVE PAPER</p> <p>25 WORK.</p>

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<p>1 Q. LET'S MOVE ON TO ONE OF THE OTHER PRODUCTS THAT THE 2 AWARE GROUP SOLD INVOLVING LAND PATENTS. 3 A. OKAY. 4 Q. THE DESCRIPTION OF THIS IS, AGAIN, ON THIS PAGE, 5 THIS PAGE THAT WE'VE BEEN LOOKING AT RIGHT BELOW THE 6 RELIANCE ONE. WHY DON'T YOU TAKE A MINUTE AND READ 7 THAT? 8 A. OKAY. 9 Q. OKAY. IT SAYS WITH PATENTED LAND, YOUR LAND CAN'T 10 BE TAKEN FROM YOU FOR DEBTS OR TAXES. WHAT DID YOU 11 MEAN BY THAT? 12 A. EXACTLY WHAT IT SAYS. 13 Q. WHY COULDN'T IT BE TAKEN? WHAT MADE PATENTED LAND 14 SO SPECIAL? 15 A. PATENTED LAND IS FREE HOLD LAND. 16 Q. CAN YOU EXPLAIN THAT TO ME? 17 A. IT MEANS IT CAN'T BE TAKEN FOR DEBTS OR TAXES. 18 THERE CAN BE NOTHING LIENED AGAINST IT. 19 Q. WHY IS THAT? 20 A. WELL, I'M NOT GOING TO GET INTO A DESCRIPTION OF 21 THIS. 22 Q. WELL, I'M ASKING YOU FOR A DESCRIPTION OF THIS. 23 A. OKAY. IT'S BEEN LATER DISCOVERED SINCE THIS THAT 24 YOU CAN'T PATENT THE LAND. THE LAND HAS ALREADY 25 BEEN TAKEN OVER AND COMPLETELY OWNED AND</p>	<p>1 A. YEAH, MORE THAN LIKELY, IT IS. 2 Q. OKAY. 3 A. LIKE I SAID, I DON'T HAVE THE FREEDOM FILES, AND I'D 4 LIKE TO GET IT SO I CAN REVIEW IT. 5 Q. THE SENTENCE HERE AT THE BOTTOM OF THE FIRST PAGE, 6 IT SAYS, "LAND CANNOT BE TAKEN FOR DEBT OR TAXES, 7 BUT REAL ESTATE CAN BE TAKEN." CAN YOU EXPLAIN 8 THAT? 9 A. YEAH, A LITTLE SLIGHT OF HAND THERE. THERE'S A 10 DIFFERENCE BETWEEN LAND AND REAL ESTATE. REAL 11 ESTATE IS A DIFFERENT TERM. I CAN'T RECALL EXACTLY 12 HOW TO DESCRIBE IT OR DEFINE IT, BUT THERE WAS A 13 DIFFERENCE BETWEEN THE TWO. 14 Q. AND ONLY GOING THROUGH THIS -- AT THE TIME THAT THIS 15 WAS BEING, AT THE TIME THAT THE AWARE GROUP WAS 16 OPERATING, THERE WAS A BELIEF THAT YOU WERE SHARING 17 WITH MEMBERS OF THE AWARE GROUP THAT A LAND PATENT 18 WAS THE ONLY WAY TO SECURE PROPERTY FROM BEING 19 SUBJECT TO SEIZURE BY DEBT OR TAXES? 20 A. LAND PATENTS WASN'T SOMETHING THAT I THOUGHT OF ON 21 MY OWN. PEOPLE -- MANY PEOPLE WERE COMING TO ME 22 ABOUT THIS ISSUE, AND THEY WERE CONCERNED, RIGHTLY 23 SO, BECAUSE THERE WAS NO WAY TO PASS ON TO THEIR 24 POSTERITY, THEIR PROPERTY. THEY DIDN'T FEEL THAT 25 THEY OWNED THEIR PROPERTY. ALL THEY EVER GOT WAS A</p>
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<p>1 SUBORDINATED. AT THAT TIME, WE THOUGHT THERE WAS A 2 PROCESS WHERE WE CAN GO BACK TO HAVING PATENTED 3 LAND, AND IT WAS IMPORTANT TO UNDERSTAND THAT, THAT 4 AT SOME TIME IN THE HISTORY OF THE COUNTRY, 5 EVERYBODY LOST OWNERSHIP, TRUE OWNERSHIP OF THEIR 6 LAND. 7 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER TEN, DO 8 YOU OWN YOUR LAND?, ATTACHED.) 9 EXAMINATION RESUMED BY MR. STRONG: 10 Q. I'LL HAND YOU NOW WHAT'S BEING MARKED AS PLAINTIFF'S 11 EXHIBIT NUMBER TEN, AND A COPY HAS BEEN PROVIDED TO 12 YOUR COUNSEL, ENTITLED DO YOU OWN YOUR LAND. TAKE A 13 MINUTE AND --- 14 A. UNDERSTAND I HAVEN'T READ IT ALL. I'M JUST 15 GENERALLY LOOKING. 16 Q. THIS IS INFORMATION THAT THE AWARE GROUP PROVIDED TO 17 PEOPLE INTERESTED IN LAND PATENTS. 18 A. OKAY. THIS CAME OFF THE FREEDOM FILES. 19 Q. THIS IS INFORMATION THAT YOU FOLKS PROVIDED TO ME AS 20 PART OF MY REQUEST FOR PRODUCTION OF DOCUMENTS. 21 A. OKAY. I HAVE NO IDEA WHERE IT CAME FROM, BUT OKAY. 22 THAT LOOKS LIKE FREEDOM FILES, PICTURE THAT HEATHER 23 WOULD PUT IN. 24 Q. SO, YOU WOULD AGREE THAT THIS WOULD COME OFF, THAT 25 THIS IS PROBABLY OFF THE FREEDOM FILES?</p>	<p>1 TITLE ON THEIR PROPERTY. IT WASN'T OWNERSHIP. WE 2 WERE STUDYING THAT, AND THERE WERE MANY PEOPLE THAT 3 WERE STUDYING THIS. 4 Q. AND YOU WERE PROVIDING INFORMATION ON HOW, ON WHAT A 5 LAND PATENT WAS? 6 A. WHAT I WAS DOING WAS ACTING AS A CENTRAL POINT AND 7 RECIRCULATING THE INFORMATION COMING IN TO ME AND 8 PUTTING IT BACK OUT, ENCOURAGING MORE PEOPLE TO 9 STUDY THIS ISSUE. 10 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER 11, 11 STEPS TO SECURE A LAND PATENT CLAIM, ATTACHED.) 12 EXAMINATION RESUMED BY MR. STRONG: 13 Q. I'LL HAND YOU NOW WHAT'S BEING MARKED AS PLAINTIFF'S 14 EXHIBIT NUMBER 11, ENTITLED STEPS TO SECURE A LAND 15 PATENT CLAIM. 16 A. OKAY. 17 Q. WOULD THIS HAVE COME OFF THE FREEDOM FILES? 18 A. IT COULD HAVE. I DON'T KNOW IF IT DID. 19 Q. WELL, LET'S REFER BACK TO MAYBE PLAINTIFF'S EXHIBIT 20 NUMBER EIGHT, WHICH WAS THE REFERRAL PROGRAM LIST. 21 I'M LOOKING AT PAGE TWO OF THAT. 22 A. OKAY. IT SAYS STEPS TO SECURE, BUT YEAH, SAME 23 THING. OKAY. 24 Q. OKAY. AND THE FIRST ONE SAYS WHO OWNS YOUR LAND, 25 WHICH WE WERE DISCUSSING, PLAINTIFF'S EXHIBIT NUMBER</p>

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<p>1 TEN.</p> <p>2 A. OKAY.</p> <p>3 Q. OKAY. SO, THIS CAME OFF THE FREEDOM FILES, THEN?</p> <p>4 A. OKAY. IT APPEARS SO.</p> <p>5 Q. OKAY. THIS PACKET OF MATERIALS CONTAINS A NUMBER OF</p> <p>6 FORMS ON HOW TO SECURE A LAND PATENT, CORRECT?</p> <p>7 A. IT'S A LOT OF INFORMATION. WHERE, SPECIFICALLY, ARE</p> <p>8 THE FORMS?</p> <p>9 Q. JUST CONTINUE THROUGH THE MIDDLE.</p> <p>10 A. OKAY, HERE. DECLARATION. THERE'S NO PAGE NUMBERS</p> <p>11 ON HERE. IT JUST SAYS DECLARATION OF LAND PATENT.</p> <p>12 DESCRIPTION OF PROPERTY, NOTICE AND EFFECTIVE LAND</p> <p>13 PATENT.</p> <p>14 Q. SO, YOU WOULD AGREE THAT YOU WERE PROVIDING FILL IN</p> <p>15 THE BLANK FORMS FOR FOLKS WHO WANTED TO SECURE A</p> <p>16 LAND PATENT?</p> <p>17 A. NO, THIS IS INFORMATION -- I DIDN'T CREATE THIS</p> <p>18 DOCUMENT. THIS IS INFORMATION THAT CAME IN FROM THE</p> <p>19 PEOPLE THAT WE WERE STUDYING BECAUSE THAT LAND</p> <p>20 PACKAGE HAD, LAND PATENT PACKAGE HAD A LOT OF STUFF</p> <p>21 IN IT. AND ALL WE WERE DOING WAS RECIRCULATING IT</p> <p>22 BACK OUT AND ENCOURAGING PEOPLE TO GET TO THE BOTTOM</p> <p>23 OF WHAT'S GOING ON WITH THE LAND ISSUE IN THE UNITED</p> <p>24 STATES OF AMERICA.</p> <p>25 Q. WELL, NOW, THE FIRST COUPLE OF PAGES, THOUGH, ARE</p>	<p>1 TIME.</p> <p>2 Q. WHO COULD HAVE TYPED UP THE LETTER? I MEAN, IT</p> <p>3 WOULD HAVE BEEN YOU OR HEATHER ALEXANDER, CORRECT?</p> <p>4 A. IT COULDN'T HAVE BEEN ME, BECAUSE I DON'T WORK ON</p> <p>5 KEYBOARDS AND COMPUTERS.</p> <p>6 Q. BUT YOU WERE -- THIS WAS PART OF YOUR MARKETING</p> <p>7 MATERIALS?</p> <p>8 A. TRUE.</p> <p>9 Q. OKAY. SO, YOUR MARKETING MATERIALS ARE SAYING THAT</p> <p>10 THE ONLY WAY YOU CAN SECURE TRUE OWNERSHIP OF YOUR</p> <p>11 LAND IS THROUGH A LAND PATENT CLAIM?</p> <p>12 A. FROM WHAT WE UNDERSTOOD AT THE TIME, YES.</p> <p>13 Q. AND AT THE TIME, YOU WERE PROVIDING STEP BY STEP</p> <p>14 INSTRUCTIONS AND FILL IN THE BLANK FORMS ON HOW TO</p> <p>15 DO SO?</p> <p>16 A. WE WERE RECIRCULATING INFORMATION SUCH AS THIS BACK</p> <p>17 OUT TO PEOPLE.</p> <p>18 Q. UNDER THE MARKETING TOOL THAT THIS IS THE ONLY WAY</p> <p>19 YOU CAN SECURE TRUE OWNERSHIP OF YOUR LAND?</p> <p>20 A. DIDN'T KNOW IF IT WAS OR NOT.</p> <p>21 Q. BUT THAT'S HOW YOU'RE ---</p> <p>22 A. YOU'RE TAKING SOMETHING OUT OF CONTEXT ---</p> <p>23 Q. --- MARKETING ---</p> <p>24 A. YOU'RE TAKING SOMETHING OUT OF CONTEXT IN ONE PLACE</p> <p>25 AND PUTTING IT TO ANOTHER.</p>
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<p>1 INSTRUCTIONS ON HOW TO FILL OUT THESE FORMS AND TAKE</p> <p>2 THE STEPS TO SECURE THIS, CORRECT?</p> <p>3 A. YES.</p> <p>4 Q. SO, YOU'RE PROVIDING INSTRUCTIONS ON HOW TO SECURE A</p> <p>5 LAND PATENT CLAIM TO MEMBERS OF THE AWARE GROUP?</p> <p>6 A. JUST PROVIDING WHAT WAS SENT IN. IT'S GOING BACK</p> <p>7 OUT AGAIN.</p> <p>8 Q. BUT YOU'RE PROVIDING IT?</p> <p>9 A. WE PROVIDED IT.</p> <p>10 Q. OKAY. WOULD YOU PROVIDE SOMETHING YOU COULDN'T RELY</p> <p>11 ON?</p> <p>12 A. BAD QUESTION. IT'S LIKE ---</p> <p>13 Q. WOULD YOU DO YOUR OWN RESEARCH BEFORE YOU WOULD</p> <p>14 PROVIDE SOMETHING TO THE MEMBERS OF YOUR GROUP?</p> <p>15 A. IF I COULD. LAND PATENTS WAS SOMETHING THAT</p> <p>16 INTRIGUED ME, AND I WAS VERY INTERESTED WITH THEM.</p> <p>17 AND I COULDN'T GET TO THE BOTTOM OF IT.</p> <p>18 Q. OKAY. BUT I'M SORRY, BUT GOING BACK TO PLAINTIFF'S</p> <p>19 EXHIBIT NUMBER EIGHT, WHICH WAS THE LETTER REGARDING</p> <p>20 SOME OF THESE MATERIALS THAT YOU WERE MARKETING, YOU</p> <p>21 STATE, BUT THIS IS THE ONLY WAY YOU CAN SECURE TRUE</p> <p>22 OWNERSHIP OF YOUR LAND. I MEAN, THIS IS -- AREN'T</p> <p>23 THOSE YOUR WORDS?</p> <p>24 A. THAT -- NOT NECESSARILY. WHOEVER TYPED UP THE</p> <p>25 LETTER, BUT THAT'S -- BUT THE UNDERSTANDING AT THAT</p>	<p>1 Q. I'M TAKING WHAT YOU SAY IN YOUR MARKETING MATERIALS</p> <p>2 AND APPLYING IT TO THE MATERIALS THAT YOU ARE</p> <p>3 MARKETING. IS THAT CORRECT?</p> <p>4 A. IT'S NOT AN ENDORSEMENT.</p> <p>5 Q. AND IN YOUR MARKETING MATERIALS, YOU'RE SAYING THAT</p> <p>6 WITH PATENTED LAND, YOUR LAND CAN'T BE TAKEN FROM</p> <p>7 YOU FOR DEBTS OR TAXES.</p> <p>8 A. IF THE LAND HAS A PATENT ON IT, YES. WE HAVEN'T</p> <p>9 DISCOVERED HOW EXCEPT TO BUY A PIECE OF LAND THAT</p> <p>10 HAS STILL THE ORIGINAL PATENT ON IT.</p> <p>11 Q. BUT AT THE TIME THAT YOU WERE PROVIDING INSTRUCTIONS</p> <p>12 ON WHAT YOU THOUGHT WAS A WAY TO SECURE THAT SORT OF</p> <p>13 PATENT?</p> <p>14 A. IT WAS A BELIEF, YOU KNOW. A COUPLE HUNDRED YEARS</p> <p>15 AGO, WE BELIEVED THE EARTH WAS FLAT.</p> <p>16 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER 12,</p> <p>17 LAND PATENTS, EJECTMENTS AND ESTOPPEL, ATTACHED.)</p> <p>18 EXAMINATION RESUMED BY MR. STRONG:</p> <p>19 Q. AND JUST TO WRAP UP OUR DISCUSSION OF LAND PATENTS</p> <p>20 HERE, DO YOU RECOGNIZE THE DOCUMENT IN FRONT OF YOU</p> <p>21 ENTITLED LAND PATENTS, EJECTMENTS, AND ESTOPPEL?</p> <p>22 A. NO.</p> <p>23 Q. OKAY. DO YOU THINK THIS IS INFORMATION THAT WOULD</p> <p>24 HAVE BEEN PROVIDED TO MEMBERS OF THE AWARE GROUP?</p> <p>25 A. THAT, I CAN'T SAY, JUST BY LOOKING AT THE TYPE. THE</p>

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<p>1 INFORMATION LOOKS OKAY.</p> <p>2 Q. DID YOU PROMOTE MATERIALS CONCERNING SOMETHING</p> <p>3 CALLED, CONCERNING COMMERCIAL REDEMPTION OR</p> <p>4 REDEMPTION?</p> <p>5 A. DID I WHAT MATERIALS TO WHOM?</p> <p>6 Q. PROVIDE MATERIALS.</p> <p>7 A. YES.</p> <p>8 Q. WHAT IS THE REDEMPTION PROCESS?</p> <p>9 A. AM I DONE WITH THIS?</p> <p>10 Q. YES.</p> <p>11 A. THE REDEMPTION PROCESS IS SOMETHING I DIDN'T BELIEVE</p> <p>12 IN. THE EDITOR OF AMERICA'S BULLETIN WORKED ON ME</p> <p>13 FOR ABOUT A YEAR TO TAKE A LOOK AT IT.</p> <p>14 Q. UH-HUH.</p> <p>15 A. AND WHEN I DID TAKE A LOOK AT IT, I SMELLED SMOKE</p> <p>16 AND WHEN I SMELL SMOKE, I LOOK FOR FIRE.</p> <p>17 Q. OKAY. CAN YOU STILL -- WHAT IS REDEMPTION?</p> <p>18 A. THE IDEA, AT THAT TIME, OF REDEMPTION WAS THAT YOU</p> <p>19 CAN REDEEM THIS FICTIONAL PERSON THAT IS CREATED IN</p> <p>20 EVERYBODY'S NAME.</p> <p>21 Q. OKAY. AND WHAT IS THAT? HOW DOES THAT BENEFIT</p> <p>22 ANYBODY?</p> <p>23 A. WELL, IF IT WOULD WORK, IT WOULD BENEFIT PEOPLE BY</p> <p>24 BEING ABLE TO TAKE BACK WHAT IS RIGHTFULLY THEIRS.</p> <p>25 Q. UH-HUH. BUT TO MEMBERS OF THE AWARE GROUP, YOU</p>	<p>1 Q. --- 14. AND FOR THE RECORD, I HAVE PROVIDED ALSO</p> <p>2 EXHIBITS 13 AND 14 TO COUNSEL. THIS PACKET OF</p> <p>3 MATERIALS, TAKE A LOOK AT IT AND LET ME KNOW WHEN</p> <p>4 YOU'RE READY.</p> <p>5 A. OKAY.</p> <p>6 Q. THESE ARE, AGAIN, FORMS, FILL IN THE BLANK FORMS AND</p> <p>7 TEMPLATES FOR MEMBERS OF THE AWARE GROUP TO USE IN</p> <p>8 THE REDEMPTION PROCESS?</p> <p>9 A. UH-HUH. YES.</p> <p>10 Q. THAT YOU WERE PROVIDING TO THEM?</p> <p>11 A. RIGHT.</p> <p>12 Q. SO, THEY COULD USE THESE FORMS, THEN, TO SEPARATE</p> <p>13 THEMSELVES FROM THEIR STRAW MAN?</p> <p>14 A. THAT WAS THE IDEA, THAT ---</p> <p>15 Q. OKAY. IF YOU DIDN'T BELIEVE IN IT, WHY WERE YOU</p> <p>16 PROVIDING THESE TO MEMBERS OF YOUR ORGANIZATION?</p> <p>17 A. BECAUSE I WATCHED HOW HARD THE CASES AND THE</p> <p>18 GOVERNMENT WAS COMING AGAINST IT, AND IT MADE ME</p> <p>19 REALIZE THAT MAYBE IT HAS MORE VALIDITY THAN I</p> <p>20 SUSPECTED, BUT I ALSO LOOKED AT THE TENACITY WITH</p> <p>21 WHICH THEY CAME AT THESE PEOPLE. SO, IT BROUGHT A</p> <p>22 LOT OF QUESTIONS INTO MY MIND IF I WANT TO BE</p> <p>23 INVOLVED WITH THIS. I DIDN'T WANT TO BE INVOLVED</p> <p>24 WITH IT IN THE BEGINNING. WHEN I GOT INVOLVED WITH</p> <p>25 IT, I DIDN'T NECESSARILY LIKE WHAT I SAW AND THEN I</p>
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<p>1 PROVIDED SOMETHING ENTITLED THE REDEMPTION MANUAL?</p> <p>2 A. YES.</p> <p>3 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER 13,</p> <p>4 GETTING STARTED, ATTACHED.)</p> <p>5 EXAMINATION RESUMED BY MR. STRONG:</p> <p>6 Q. I'LL NOW HAND YOU WHAT'S BEING MARKED AS PLAINTIFF'S</p> <p>7 EXHIBIT 13.</p> <p>8 A. ARE WE DONE WITH THESE, OR SHOULD I JUST STACK THEM</p> <p>9 UP? IT'S GOING TO BE A MESS HERE.</p> <p>10 Q. YEAH, WE CAN DO THAT. OKAY. THIS PACKET OF</p> <p>11 MATERIALS CALLED GETTING STARTED, DOES THIS CONCERN</p> <p>12 THE REDEMPTION -- AFTER YOU'VE TAKEN A MOMENT TO</p> <p>13 LOOK AT IT, DOES THIS CONCERN THE REDEMPTION</p> <p>14 PROCESS?</p> <p>15 A. YES.</p> <p>16 Q. AND AGAIN, THIS IS MATERIAL THAT YOU WERE PROVIDING</p> <p>17 TO MEMBERS OF THE AWARE GROUP?</p> <p>18 A. CORRECT.</p> <p>19 Q. OKAY.</p> <p>20 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER 14,</p> <p>21 FORMS AND TEMPLATES, ATTACHED.)</p> <p>22 EXAMINATION RESUMED BY MR. STRONG:</p> <p>23 Q. I'LL ALSO PROVIDE YOU WHAT I'M GOING TO MARK AS</p> <p>24 PLAINTIFF'S EXHIBIT ---</p> <p>25 A. FOURTEEN?</p>	<p>1 STARTED GETTING UNINVOLVED WITH IT.</p> <p>2 Q. WHAT DO YOU MEAN YOU WERE GETTING UNINVOLVED WITH</p> <p>3 IT?</p> <p>4 A. I MEAN I GOT UNINVOLVED WITH IT.</p> <p>5 Q. BUT YOU WERE STILL PROVIDING FILL IN THE BLANK FORMS</p> <p>6 FOR YOUR MEMBERS TO ---</p> <p>7 A. IT WAS ON THE -- IT WAS ON THE FREEDOM FILES. I HAD</p> <p>8 NO CONTROL OVER HOW TO TAKE ANYTHING OFF OF THE</p> <p>9 FREEDOM FILES OR PUT ANYTHING ON.</p> <p>10 Q. COULD YOU NOT CREATE NEW CDs OF -- WITHOUT SOME OF</p> <p>11 THIS ---</p> <p>12 A. THE CDs WERE LOCKED UP TIGHTER THAN A DRUM.</p> <p>13 Q. NOW, THE PRODUCT THAT YOU WERE BEST KNOWN FOR WAS</p> <p>14 TRUSTS, CORRECT?</p> <p>15 A. YOU MEAN THE SELLING PRODUCT, OR JUST GENERAL</p> <p>16 KNOWLEDGE AND INFORMATION?</p> <p>17 Q. WELL, LET'S START WITH ONE AND THEN THE OTHER.</p> <p>18 GENERAL KNOWLEDGE AND INFORMATION.</p> <p>19 A. THE ECONOMY, MONEY.</p> <p>20 Q. OKAY. SELLING?</p> <p>21 A. YEAH, AND SELLING.</p> <p>22 Q. SO, REGARDING TRUSTS.</p> <p>23 A. OH, OKAY. I THOUGHT -- OKAY. I MISUNDERSTOOD YOUR</p> <p>24 QUESTION.</p> <p>25 Q. YOUR PRIMARY PRODUCT THAT YOU WERE SELLING WERE</p>

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<p>1 CALLED PURE TRUSTS?</p> <p>2 A. WAS CONTRACTS. WE REFER TO THEM AS CONTRACTS OF</p> <p>3 PURE TRUST.</p> <p>4 Q. OF PURE TRUST. AND WHAT IS A PURE TRUST? WHAT IS A</p> <p>5 PURE TRUST?</p> <p>6 A. CONTRACT.</p> <p>7 Q. CONTRACT BETWEEN WHOM?</p> <p>8 A. WHOEVER WANTS TO START THE CONTRACT AND FINISH IT,</p> <p>9 BETWEEN THE SETTLER, TRUSTEE, THE CONTRACTOR, THE</p> <p>10 CONTRACTEE. A LOT OF DIFFERENT TERMS FOR THEM. TWO</p> <p>11 SIDES TO A CONTRACT.</p> <p>12 Q. HOW WOULD IT WORK?</p> <p>13 A. IT WOULD WORK ANY WAY THEY WANT IT TO WORK. IT'S A</p> <p>14 CONTRACT. SO LONG AS THEY'RE NOT INTERFERING WITH</p> <p>15 ANYBODY ELSE'S RIGHTS, THEY CAN DO WHATEVER THEY</p> <p>16 WANT IN A CONTRACT.</p> <p>17 Q. HOW IS THE PRODUCT THAT YOU SOLD, HOW IS -- HOW WAS</p> <p>18 IT INTENDED TO WORK?</p> <p>19 A. IT WAS INTENDED TO WORK FOR PRIVACY.</p> <p>20 Q. WHAT DO YOU MEAN BY PRIVACY?</p> <p>21 A. KEEP PEOPLE FROM SNOOPING INTO THEIR LIVES.</p> <p>22 Q. WHO WOULD BE ABLE TO SNOOP INTO THEIR LIVES?</p> <p>23 A. THE EARLY 1980s, WHEN THE WHOLE THING WITH IDENTITY</p> <p>24 THEFT STARTED, I BECAME ALARMED, NEVER EVEN</p> <p>25 IMAGINING IT WOULD GROW AS BIG AS IT DID. I COULD</p>	<p>1 TRUST AND YOU CAME OVER AND YOU JUMPED OVER THE</p> <p>2 FENCE AND WAS ON THE WRONG PLACE AND YOU STUMBLE</p> <p>3 BUMMED AROUND AND FELL DOWN AND BROKE YOUR NOSE,</p> <p>4 YEAH, THE TRUST COULD BE LIABLE. NO QUESTION ABOUT</p> <p>5 IT.</p> <p>6 Q. WELL, YOU'RE INVOLVED IN THE ALEXANDER FAMILY TRUST,</p> <p>7 RIGHT?</p> <p>8 A. I'M THE FIRST TRUSTEE.</p> <p>9 Q. OKAY. HOW DID YOU INTEND THAT FOR YOUR TRUST TO</p> <p>10 OPERATE, TO PROTECT YOUR PRIVACY?</p> <p>11 A. FIRST OF ALL, IT'S NOT MY TRUST. IT'S MY MOTHER'S</p> <p>12 TRUST. SHE'S THE ONE THAT ESTABLISHED IT, SO WE GO</p> <p>13 BACK TO THE ORIGIN. IT'S MY MOTHER'S TRUST.</p> <p>14 Q. AND WHAT ARE YOUR ROLES AND RESPONSIBILITIES AS</p> <p>15 FIRST TRUSTEE?</p> <p>16 A. TO CARE FOR THE PROPERTY OR THE CORPUS OF THE TRUST.</p> <p>17 Q. NOW THAT YOUR MOTHER HAS PASSED AWAY, HOW DID THAT</p> <p>18 AFFECT THE TRUST?</p> <p>19 A. REALLY, NO EFFECT. IT'S STILL IN EXISTENCE.</p> <p>20 Q. AND YOU'RE STILL FIRST TRUSTEE?</p> <p>21 A. I AM STILL A FIRST TRUSTEE.</p> <p>22 Q. AND HOW DOES THAT -- HOW DID THE TRUST PROTECT YOUR</p> <p>23 MOTHER'S PRIVACY?</p> <p>24 A. BECAUSE UNTIL YOU BROUGHT IT UP, NOBODY ELSE KNOWS</p> <p>25 SHE HAD ANYTHING TO DO WITH IT.</p>
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<p>1 NEVER HAVE THOUGHT OF THAT, BUT I SAW IT AS A</p> <p>2 PROBLEM. HOW DO YOU KEEP THAT FROM HAPPENING? YOU</p> <p>3 KEEP THAT FROM HAPPENING BY ESTABLISHING PRIVACY ANY</p> <p>4 WAY YOU CAN.</p> <p>5 Q. AND SO, HOW WOULD A PURE TRUST HELP ONE TO ESTABLISH</p> <p>6 PRIVACY?</p> <p>7 A. IF SOMETHING ISN'T IN YOUR NAME, THEY REALLY CAN'T</p> <p>8 DETERMINE THAT YOU, THAT IT'S YOURS.</p> <p>9 Q. WOULD THE I.R.S. NOT BE ABLE TO DETERMINE THAT IT</p> <p>10 WAS, THAT THE PROPERTY IN THE TRUST WAS ---</p> <p>11 A. IT DEPENDS ON THE, DEPENDS ON THE TRUST, DEPENDS ON</p> <p>12 THE KIND OF PROPERTY. THE I.R.S. HAS A LOT OF</p> <p>13 FILINGS ON TRUSTS.</p> <p>14 Q. UH-HUH. BUT IN YOUR UNDERSTANDING OF HOW THE PURE</p> <p>15 TRUST THAT, YOU KNOW, THE CONTRACT TEMPLATES YOU</p> <p>16 WERE FORMING, HOW WOULD IT -- WOULD THE I.R.S. BE</p> <p>17 ABLE TO LOOK IN THERE?</p> <p>18 A. YEAH, I MEAN, MOST OF THE -- MOST OF THE PROPERTY IN</p> <p>19 TRUST IS PROPERTY OF RECORD. MOST OF IT'S REAL</p> <p>20 ESTATE, I WOULD IMAGINE.</p> <p>21 Q. WOULD THEY BE ABLE TO -- WOULD THEY BE ABLE TO</p> <p>22 ATTACH TO IT?</p> <p>23 A. DEPENDS ON WHERE THE -- DEPENDS ON THE LIABILITY.</p> <p>24 WHO WAS LIABLE? WHAT WAS LIABLE? IF, SAY, FOR</p> <p>25 EXAMPLE, A PIECE OF PROPERTY, LAND, HOME WAS IN A</p>	<p>1 Q. DOES THE -- DOES THE TRUST HELP PROTECT YOUR PRIVACY</p> <p>2 IN ANY WAY?</p> <p>3 A. NO, NOT REALLY. WASN'T MEANT TO.</p> <p>4 Q. BUT THIS IS A HOME THAT YOU NOW LIVE IN AND RESIDE</p> <p>5 IN, CORRECT?</p> <p>6 A. I LIVE IN THIS HOME.</p> <p>7 Q. SO, THE TRUST HAS AND THE PERSON WHOSE PRIVACY IT</p> <p>8 WAS INTENDED TO PROTECT HAS NOW PASSED AWAY.</p> <p>9 A. NO, THERE ARE OTHERS.</p> <p>10 Q. WHAT OTHERS?</p> <p>11 A. BENEFICIARY.</p> <p>12 Q. OKAY. THE BENEFICIARY IS?</p> <p>13 A. IS MY ADOPTED DAUGHTER.</p> <p>14 Q. AND IS THE TRUST, DOES THE TRUST HAVE ANY</p> <p>15 RESPONSIBILITIES TO THE INTERNAL REVENUE SERVICE?</p> <p>16 A. NO.</p> <p>17 Q. WHY NOT?</p> <p>18 A. IT'S JUST A CONTRACT WITH A HOUSE IN IT. HOW WOULD</p> <p>19 THE I.R.S. FIT INTO IT? DOESN'T MAKE INCOME,</p> <p>20 DOESN'T DO ANYTHING.</p> <p>21 Q. WHAT ARE THE BENEFITS OF OWNING A PURE TRUST?</p> <p>22 A. YOU JUST ASKED THAT QUESTION.</p> <p>23 Q. WELL, I'M ASKING IT NOW.</p> <p>24 A. PRIVACY.</p> <p>25 Q. ANY OTHER BENEFITS?</p>

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<p>1 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER 15, 2 BENEFITS OF A PURE TRUST, ATTACHED.) 3 EXAMINATION RESUMED BY MR. STRONG: 4 Q. BEFORE YOU ANSWER, I'LL HAND YOU WHAT'S BEEN MARKED 5 AS PLAINTIFF'S EXHIBIT NUMBER 15, WHICH I'M ALSO 6 HANDING TO YOUR COUNSEL. 7 A. OH, OKAY. THAT MAKES IT EASY. 8 Q. IS ONE OF THE BENEFITS OF A PURE TRUST THAT YOU CAN 9 PAY REDUCED TAXES? 10 A. IN SOME CASES. 11 Q. HOW DOES THAT WORK? 12 A. DON'T KNOW. DON'T HAVE THAT CASE. 13 Q. BUT HOW WOULD IT WORK WITH OTHER CASES? 14 A. I CAN'T ANSWER THAT QUESTION. 15 Q. YOU'RE MARKETING IT THAT IT CAN HELP REDUCE YOUR 16 TAXES. WHAT DID YOU MEAN WHEN YOU MARKETED IT THAT 17 WAY? 18 A. THIS IS FIVE YEARS AGO THAT I EVEN SAW THIS. AND 19 I'M NOT EXACTLY SURE WHAT YOU'RE SAYING OR ASKING OR 20 LOOKING FOR. 21 Q. IS THIS DOCUMENT A MARKETING MATERIAL PUT OUT BY THE 22 FREEDOM TRUST GROUP OR THE AWARE GROUP? 23 A. THIS LOOKS LIKE A PAGE THAT CAME OFF OF SOMETHING, 24 BUT WHERE IT CAME FROM, I'M NOT SURE. 25 Q. ON THE TOP, IT SAYS YOUR PRIVACY AND ASSET</p>	<p>1 Q. THAT CONTAINED INFORMATION ON HOW TO SET UP A PURE 2 TRUST? AND ON PAGE FOUR OF THIS MATERIAL, BELOW 3 WHERE IT SAYS NUMBER EIGHT, STARTING IN OUR 4 RESEARCH, YOU SCRUTINIZED HUNDREDS OF COURT 5 DECISIONS TO FIND HOW TO MAKE CERTAIN TYPES OF 6 TRUSTS IMPENETRABLE BY JUDGES, THE I.R.S., AND OTHER 7 CREDITORS. THE TRUSTS HAVE BEEN STRUCTURED AFTER 8 CONTRACTS OF TRUST THAT HAVE BEEN CHALLENGED AND 9 TESTED TO WITHSTAND THE MOST INTENSE SCRUTINY OF THE 10 COURTS, THE I.R.S., AND CREDITORS, AND STILL REMAIN 11 INTACT? HOW DID THAT WORK? 12 A. I DON'T UNDERSTAND WHAT YOU MEAN HOW DOES THAT WORK. 13 Q. YOU'RE PROVIDING THEM INFORMATION ABOUT THE PURE 14 TRUSTS THAT THESE, AND HOW THEY'RE PURPORTEDLY 15 IMPENETRABLE BY THE I.R.S. OR OTHER CREDITORS. 16 A. IF IT'S SET UP PROPERLY. 17 Q. OKAY. HOW WOULD YOU SET THEM UP PROPERLY TO DO 18 THAT? 19 BY MR. BENNETT: 20 OBJECTION. CALLS FOR A LEGAL SPECULATION. YOU 21 CAN ANSWER THE QUESTION AS TO PERSONAL OPINION, AND 22 I'M GOING TO KEEP THAT A RUNNING OBJECTION ON ANY OF 23 THOSE, BUT YOU CAN ANSWER THE QUESTION. 24 BY THE WITNESS: 25 WHAT WAS THE QUESTION AGAIN? THAT THREW ME</p>
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<p>1 ACCUMULATION GUIDE BY F.T.G. VERSION 10/00. 2 A. OH, OKAY. YEAH, I SEE WHERE IT CAME FROM. 3 Q. SO, THIS IS SOMETHING FROM THE FREEDOM TRUST GROUP? 4 A. IT WAS IN THE BOOK. 5 Q. BUT YOU'RE ATTACHING YOUR COMPANY'S NAME TO IT? 6 A. YEAH. 7 Q. OKAY. AND WITHIN THAT, YOU'RE SAYING THAT -- SO, 8 THIS IS A MARKETING TOOL, SAYING THAT A BENEFIT OF A 9 PURE TRUST IS THAT IT CAN HELP YOU PAY REDUCED 10 TAXES? 11 A. NO, THIS WASN'T USED AS A MARKETING TOOL. THIS WAS 12 JUST AN INFORMATIONAL BOOK, IS ALL IT WAS. 13 Q. OKAY. BUT THESE ARE MATERIALS THAT YOU'RE PROVIDING 14 TO PEOPLE WHO WOULD HAVE ORDERED --- 15 A. WE PROVIDED -- WE PROVIDED THE BOOK, YES. 16 Q. OKAY. SINCE YOU'RE PROVIDING THIS INFORMATION, 17 THEN, I GUESS, I MEAN, THE QUESTION I HAVE FOR YOU 18 IS HOW DID IT HELP YOU REDUCE YOUR TAXES? 19 A. I CAN'T ANSWER THAT. 20 Q. BUT YOU ARE -- YOU'RE SELLING -- YOU ARE SELLING 21 PURE TRUSTS, CORRECT? 22 A. NO, I WAS. 23 Q. OKAY. AT THE TIME, BETWEEN 2000 AND 2005, WITHIN 24 FREEDOM TRUST GROUP, YOU WERE SELLING PURE TRUSTS? 25 A. SELLING SOFTWARE, YES.</p>	<p>1 OFF. 2 EXAMINATION RESUMED BY MR. STRONG: 3 Q. HOW WOULD YOU SET UP THE TRUST TO PROTECT IT FROM 4 THE I.R.S.? 5 A. IT'S NOT A SET UP TO PROTECT FROM THE I.R.S. AND I 6 WOULD NEVER SPECIFICALLY DO THAT, TO SET UP. 7 Q. BUT THAT'S WHAT YOUR MATERIALS SAY CAN BE DONE. 8 A. IT'S A BOOK. 9 Q. MATERIALS, THOUGH, THAT YOU'RE PROVIDING. 10 A. IT'S A BOOK. 11 Q. AND SELLING. 12 A. IT'S A BOOK. I DON'T KNOW HOW MANY PAGES THERE WERE 13 ON THE FREEDOM FILES, SEVERAL THOUSAND PAGES ON THE 14 FREEDOM FILES. IT'S NOT ALL -- IT'S NOT ALL OUR 15 MATERIAL. WE WERE RECIRCULATING MATERIAL. 16 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER 16, 17 YOUR PRIVACY AND ASSET ACCUMULATION GUIDE, ATTACHED.) 18 EXAMINATION RESUMED BY MR. STRONG: 19 Q. I'LL HAND YOU NOW WHAT HAS BEEN MARKED AS 20 PLAINTIFF'S EXHIBIT 16, AND ONE HAS BEEN PROVIDED TO 21 COUNSEL, ENTITLED YOUR PRIVACY AND ASSET 22 ACCUMULATION GUIDE. WHO PUBLISHED THIS BOOK? 23 A. WE PUT THIS INFORMATION TOGETHER FROM A WIDE VARIETY 24 OF SOURCES. 25 Q. SO, IN FACT, THEN, ON THE FRONT PAGE, IT SAYS</p>

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<p>1 FREEDOM TRUST GROUP.</p> <p>2 A. UH-HUH.</p> <p>3 Q. ON THE FRONT. THIS IS -- THESE ARE YOUR MATERIALS?</p> <p>4 A. YEAH, OH, YEAH. WE CREATED -- I MEAN, WE DIDN'T</p> <p>5 WRITE THE DOCUMENTS. THIS IS A LOT OF COPY AND</p> <p>6 PASTE.</p> <p>7 Q. THEN, THROUGH THIS MATERIAL, YOU'RE SELLING FOUR</p> <p>8 DIFFERENT TRUSTS, CORRECT?</p> <p>9 A. I BELIEVE SO.</p> <p>10 Q. AND THE PURPOSE OF THESE TRUSTS IS TO PROTECT YOUR</p> <p>11 ASSETS FROM CREDITORS?</p> <p>12 A. TO PROTECT YOUR ASSETS, BE ABLE TO PASS YOUR LEGACY</p> <p>13 ON, YOU KNOW, ALL THE REASONS THAT ARE ---</p> <p>14 Q. WELL, WHO MIGHT YOU PROTECT YOUR -- WHO MIGHT YOU BE</p> <p>15 PROTECTING YOUR ASSETS FROM?</p> <p>16 A. ANGRY EX-WIFE, MAYBE.</p> <p>17 Q. ANYBODY ELSE, OTHER THAN THE ANGRY EX-WIFE?</p> <p>18 A. COULD BE ALL KINDS OF THINGS.</p> <p>19 Q. SUCH AS?</p> <p>20 A. YOU GET INTO A CAR ACCIDENT. THEY WANT TO SUE.</p> <p>21 THEY GO LOOKING FOR STUFF TO TAKE.</p> <p>22 Q. COULD IT PROTECT YOU FROM THE I.R.S. IF THEY WERE TO</p> <p>23 COME AFTER YOU FOR UNPAID TAXES?</p> <p>24 A. DEPENDS.</p> <p>25 Q. DEPENDS ON WHAT?</p>	<p>1 SUBJECT TO PROBATE OR ESTATE TAXES.</p> <p>2 A. RIGHT.</p> <p>3 Q. WHAT DO YOU MEAN BY THAT?</p> <p>4 A. JUST WHAT IT SAYS, A PURE TRUST ISN'T SUBJECT TO</p> <p>5 PROBATE OR ESTATE TAXES.</p> <p>6 Q. WHY NOT?</p> <p>7 A. BECAUSE IT'S AN ENTITY IN ITSELF, SIMILAR TO A</p> <p>8 CORPORATION. MEMBERS OF THE CORPORATION DIE, THE</p> <p>9 CORPORATION LIVES.</p> <p>10 Q. NUMBER NINE SAYS YOU CAN USE THE PURE TRUST TO</p> <p>11 CONTROL YOUR TAX LIABILITY, CORRECT?</p> <p>12 A. UH-HUH. YES.</p> <p>13 Q. WHAT DO YOU MEAN BY THAT?</p> <p>14 A. IF YOU DIVIDE UP MONEY, YOU PUT IT IN SOME OTHER</p> <p>15 ENTITY, THAT OTHER -- THAT TAX LIABILITY IS GOING TO</p> <p>16 TRANSFER WITH THE MONEY.</p> <p>17 Q. SO, YOU CAN TAKE MONEY THAT YOU EARN, PUT IT INTO A</p> <p>18 TRUST, AND NOT BE TAXED ON THAT INCOME BECAUSE YOU</p> <p>19 PUT IT INTO A TRUST?</p> <p>20 A. THE TRUST WOULD BE TAXED FOR IT. I MEAN, I'M NOT</p> <p>21 GOING TO GET INTO TAXATION ON ANY LEVEL, BUT THERE'S</p> <p>22 A WAY -- THAT'S WHAT TAX ACCOUNTANTS AND TAX</p> <p>23 ATTORNEYS ARE FOR, AND I WAS CONSTANTLY GIVING</p> <p>24 SPECIFIC ADVICE TO PEOPLE TO CONSULT WITH THEM.</p> <p>25 Q. PART OF THE MATERIALS THAT YOU WERE SELLING INCLUDED</p>
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<p>1 A. DEPENDS ON IF SOMEBODY SET IT UP TO AVOID THAT ON</p> <p>2 PURPOSE. IT WOULD DEPEND ON IF THEY SET IT UP,</p> <p>3 SOMEBODY ELSE SET IT UP. I'VE SEEN INSTANCES WHERE</p> <p>4 PEOPLE BOUGHT A PIECE OF PROPERTY AND THEN THEY</p> <p>5 TURNED AROUND AND THEY PUT IT INTO A TRUST AND</p> <p>6 BECAME THE TRUSTEE. THAT -- MAYBE THAT WOULD BE --</p> <p>7 THIS BOOK, I DON'T THINK, WAS A BOOK. I THINK THIS</p> <p>8 WAS SOFTWARE.</p> <p>9 Q. OKAY. BUT THIS IS INFORMATION THAT YOU'RE PROVIDING</p> <p>10 TO PEOPLE WHO BOUGHT THIS PARTICULAR SOFTWARE FROM</p> <p>11 THE FREEDOM TRUST GROUP?</p> <p>12 A. YEAH.</p> <p>13 Q. OKAY. AND LOOKING AT THIS PARTICULAR PAGE, I DON'T</p> <p>14 THINK IT HAS THAT HAPPY FAMILY ON IT. SO, AGAIN,</p> <p>15 THIS LISTS SOME OF THE ADVANTAGES THAT CAN BE</p> <p>16 DERIVED FROM OPENING A PURE TRUST, CORRECT?</p> <p>17 A. OKAY.</p> <p>18 Q. DO YOU AGREE WITH THAT?</p> <p>19 A. WITHOUT READING IT ALL.</p> <p>20 Q. TAKE YOUR TIME.</p> <p>21 A. OKAY.</p> <p>22 Q. THE QUESTION I ASKED YOU IS DOES THIS LIST SOME OF</p> <p>23 THE ADVANTAGES TO OWNING A PURE TRUST.</p> <p>24 A. UH-HUH.</p> <p>25 Q. AND ON NUMBER EIGHT, IT SAYS THE PURE TRUST IS NEVER</p>	<p>1 PROVIDING FORMS TO FOLKS AS TO HOW TO SET UP THESE</p> <p>2 TRUSTS. IS THAT CORRECT?</p> <p>3 A. DO YOU MEAN TRUST DOCUMENTS THEMSELVES?</p> <p>4 Q. YES.</p> <p>5 A. YEAH.</p> <p>6 Q. OKAY.</p> <p>7 A. TEMPLATES.</p> <p>8 Q. THINGS THAT THEY COULD USE TO SET UP THEIR OWN</p> <p>9 TRUST?</p> <p>10 A. A TEMPLATE.</p> <p>11 Q. A TEMPLATE THEY COULD USE TO SET UP THEIR OWN TRUST?</p> <p>12 A. A TEMPLATE THEY CAN USE TO ESTABLISH A CONTRACT OF</p> <p>13 TRUST, YES.</p> <p>14 BY MR. STRONG:</p> <p>15 MAYBE THIS WOULD BE A GOOD TIME TO TAKE A BREAK</p> <p>16 REAL QUICK.</p> <p>17 (OFF THE RECORD 3:08 P.M. - 3:13 P.M.)</p> <p>18 EXAMINATION RESUMED BY MR. STRONG:</p> <p>19 Q. I'M GOING TO HAND YOU NOW A SERIES OF EXHIBITS HERE.</p> <p>20 A. THIS HERE?</p> <p>21 Q. YOU CAN PUT THAT ASIDE FOR A MOMENT.</p> <p>22 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER 17,</p> <p>23 DOCUMENT, ATTACHED.)</p> <p>24 EXAMINATION RESUMED BY MR. STRONG:</p> <p>25 Q. I'LL HAND YOU WHAT'S GOING TO BE MARKED AS EXHIBIT</p>

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<p style="text-align: right;">Page 82</p> <p>1 17. 2 BY MR. BENNETT: 3 THANKS. 4 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER 18, 5 MANAGEMENT TRUSTS, ATTACHED.) 6 EXAMINATION RESUMED BY MR. STRONG: 7 Q. THIS ONE IS MARKED AS EXHIBIT 18, ENTITLED 8 MANAGEMENT TRUSTS. 9 A. OH, OKAY. I SEE WHAT YOU'RE DOING. 10 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER 19, 11 HOLDING TRUSTS, ATTACHED.) 12 EXAMINATION RESUMED BY MR. STRONG: 13 Q. EXHIBIT 19 WILL BE ENTITLED HOLDING TRUSTS. 14 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER 20, 15 BANKING TRUSTS, ATTACHED.) 16 EXAMINATION RESUMED BY MR. STRONG: 17 Q. EXHIBIT 20 IS ENTITLED BANKING TRUSTS. 18 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER 21, 19 OFFSHORE TRUSTS, ATTACHED.) 20 EXAMINATION RESUMED BY MR. STRONG: 21 Q. AND EXHIBIT 21 IS ENTITLED OFFSHORE TRUSTS. COPIES 22 OF THE PREVIOUS FIVE EXHIBITS HAVE BEEN PROVIDED, OR 23 -- FIVE EXHIBITS HAVE BEEN PROVIDED TO OPPOSING 24 COUNSEL, AS WELL. TAKE A MINUTE, LOOK THROUGH 25 THOSE, AND TELL ME IF THOSE ARE INFORMATION THAT YOU</p>	<p style="text-align: right;">Page 84</p> <p>1 TRUST GROUP MATERIALS? 2 A. THE SOFTWARE. 3 Q. CORRECT. OKAY. 4 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER 22, 5 PURE TRUST INFORMATION, ATTACHED.) 6 EXAMINATION RESUMED BY MR. STRONG: 7 Q. I'LL ALSO HAND YOU WHAT IS BEING MARKED AS 8 PLAINTIFF'S EXHIBIT 22. OPPOSING COUNSEL HAS BEEN 9 PROVIDED A COPY, AND THIS IS INFORMATION THAT YOU 10 PROVIDED TO PEOPLE ABOUT WHAT PURE TRUSTS ARE? 11 A. YEAH, THIS IS THE -- THIS LOOKS LIKE TO BE THE BOOK 12 YOU JUST SHOWED ME. 13 Q. AND AT THE END HERE, THE LAST PAGE, PAGE 27, IT SAYS 14 THE MANAGEMENT TRUST COSTS \$275 EACH AND HOLDING 15 TRUSTS COST \$100 EACH. 16 A. THAT'S WHAT IT SAYS, BUT I DON'T UNDERSTAND WHAT IT 17 MEANS BECAUSE WE WEREN'T SELLING INDIVIDUAL TRUSTS. 18 I NEVER WROTE ONE FOR ANYBODY. THIS IS AN OLDER 19 DOCUMENT. THIS HAS AN 800 NUMBER. I DIDN'T EVEN 20 KNOW WE HAD AN 800 NUMBER. 21 Q. BUT THAT OTHER NUMBER IN THERE, THE 864 NUMBER, 22 THAT'S -- THAT WAS THE NUMBER THAT YOU USED FOR THE 23 AWARE GROUP, RIGHT? 24 A. 1303. THAT WAS THE NUMBER. 25 Q. OKAY. DID YOU EVER CONDUCT SEMINARS WHILE YOU WERE</p>
<p style="text-align: right;">Page 83</p> <p>1 WOULD HAVE PROVIDED THROUGH FREEDOM TRUST GROUP. 2 A. THESE WERE COPIED EXACTLY OFF OF THE FILES? IF THEY 3 WERE, THEY ARE. THAT'S QUITE A BIT OF PAGES TO GO 4 THROUGH, SO. 5 Q. THIS IS THE INFORMATION THAT WAS PROVIDED TO ME BY, 6 THROUGH MY REQUEST FOR PRODUCTION OF DOCUMENTS. SO, 7 WE ARE ALL IN AGREEMENT ON THAT. 8 A. OKAY. 9 Q. THESE ARE -- SO, YOU WOULD AGREE THAT THESE ARE THE 10 MATERIALS THAT YOU PROVIDED TO --- 11 A. ON THE CD. 12 Q. ON THE CD, CONCERNING HOW -- GIVING THEM TEMPLATES 13 ON HOW TO FORM THESE PARTICULAR TYPES OF TRUSTS? 14 A. RIGHT. 15 Q. AND THEY'RE ALL -- ALL WOULD FALL UNDER THE CATEGORY 16 OF BEING A PURE TRUST, CORRECT? 17 A. I WOULDN'T CATEGORIZE THEM -- PROBABLY. 18 Q. I'M SORRY, BUT GOING BACK TO THE EXHIBITS THAT WE 19 WERE -- THE FIRST EXHIBIT THAT WE WERE LOOKING AT OR 20 THE -- I BELIEVE IT WAS IN THE ASSET ACCUMULATION 21 PROTECTION GUIDE -- PRIVACY AND ASSET ACCUMULATION 22 GUIDE. WERE THEY NOT ALL LISTED AS PURE TRUSTS? 23 A. PROBABLY. 24 Q. SO, THIS -- OKAY. SO, THESE ARE THE TEMPLATES THAT 25 YOU PROVIDED TO PEOPLE WHO PAID YOU FOR THE FREEDOM</p>	<p style="text-align: right;">Page 85</p> <p>1 WORKING WITH THE AWARE GROUP? 2 A. YEAH. 3 Q. ABOUT HOW MANY SEMINARS? 4 A. I COULDN'T TELL YOU EXACTLY. PROBABLY FOUR OR FIVE 5 MAYBE SIX. 6 Q. ONE IN OREGON? 7 A. OREGON WAS FOR THE AMERICANS BULLETIN, YEAH. 8 Q. PENNSYLVANIA? 9 A. I THINK SO. 10 Q. ATLANTA? 11 A. YEAH. 12 Q. ORLANDO? 13 A. ORLANDO. IS THAT FOUR? 14 Q. GREENVILLE? 15 A. GREENVILLE, YEAH, I DID ONE IN GREENVILLE. 16 Q. DID YOU EVER DO ONE IN NORTH CAROLINA? 17 A. I DON'T REMEMBER NORTH CAROLINA. 18 Q. ANYWHERE ON THE BEACH? 19 A. YEAH, OKAY. YEAH, I REMEMBER, YEAH. WHAT'S THAT 20 BEACH PLACE OUT HERE? MYRTLE BEACH. 21 Q. ONE OUT IN MYRTLE BEACH? 22 A. MYRTLE BEACH. I COULDN'T REMEMBER A DATE. 23 Q. OKAY. SO, YOU'VE DONE ABOUT FIVE OR SIX OF THESE 24 SEMINARS? 25 A. YEAH.</p>

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<p style="text-align: right;">Page 86</p> <p>1 Q. WHAT WAS DISCUSSED AT THE SEMINARS?</p> <p>2 A. WIDE, WIDE VARIETY OF SUBJECTS.</p> <p>3 Q. WHAT SUBJECTS?</p> <p>4 A. ANY SUBJECTS THAT CAME OUT OF THE AUDIENCE. I WOULD</p> <p>5 START IMPROMPTU. MY FIRST SEMINAR I TRIED WITH</p> <p>6 NOTES AND IT DIDN'T WORK.</p> <p>7 Q. WELL, OKAY, YOUR FIRST SEMINAR YOU STARTED WITH</p> <p>8 NOTES. WHAT DID YOU WANT TO DISCUSS?</p> <p>9 A. I HAVE NO IDEA. WE'RE TALKING YEARS AND YEARS AGO,</p> <p>10 BUT ALL I REMEMBER IS THE INCIDENT OF TRYING TO PLAN</p> <p>11 THE TIME OUT AND IT NEVER WORKED OUT LIKE I THOUGHT</p> <p>12 IT WOULD WORK OUT BECAUSE I WOULD -- I WOULD RAISE A</p> <p>13 SUBJECT OR I WOULD DEFINE A WORD. I WAS BIG ON WORD</p> <p>14 DEFINITIONS. DICTIONARY, I ALWAYS HAD A DICTIONARY</p> <p>15 WITH ME. AND I LEFT IT OPEN TO WHOEVER WAS THERE.</p> <p>16 IF YOU WANT TO, IF YOU'VE GOT AN ISSUE, RAISE YOUR</p> <p>17 HAND. THEY WOULD RAISE THEIR HAND AND WE'D ASK DO</p> <p>18 YOU WANT TO TALK ABOUT THAT? AND A LOT OF PEOPLE</p> <p>19 WOULD JUMP IN, YES, WE DO. WE WOULD TALK ABOUT IT.</p> <p>20 IF THEY WERE NOT INTERESTED, WE WOULD MOVE ON TO THE</p> <p>21 NEXT. BUT A LOT OF IT WAS DEFINING WORDS AND DOING</p> <p>22 CROSS DEFINITIONS OF WORDS.</p> <p>23 Q. DID YOU CHARGE PEOPLE TO ATTEND THESE SEMINARS?</p> <p>24 A. YEAH, OF COURSE. WE HAD -- WE PAID TO GET IN THERE</p> <p>25 OURSELVES. WE HAD TO PAY FOR THE ROOMS AND</p>	<p style="text-align: right;">Page 88</p> <p>1 OF CONDUCTING THE SEMINARS AND THEN ESTABLISHING THE</p> <p>2 FREEDOM TRUST GROUP?</p> <p>3 A. MY FOCUS WAS TO GIVE INFORMATION IF I WAS THE</p> <p>4 SPEAKER. AND USUALLY, I WAS THE SPEAKER IF I DIDN'T</p> <p>5 HAVE GUEST SPEAKERS, AS WELL, BUT MY -- MY MAIN</p> <p>6 FOCUS WAS TO GIVE INFORMATION, AS MUCH AS I COULD AS</p> <p>7 FAST AS I COULD.</p> <p>8 Q. WHAT KIND OF GUEST SPEAKERS WOULD YOU HAVE?</p> <p>9 A. NOT TOO PROUD OF THE FACT THAT I HAD LANE MEREDITH</p> <p>10 AS ONE AT THE ONE IN MYRTLE BEACH. THERE WAS AN</p> <p>11 I.R.S. AGENT IN ONE IN ATLANTA. SHE JUST CAME AS A</p> <p>12 GUEST, BUT I SAW HER AND I RECOGNIZED HER AND SHE</p> <p>13 CAME UP AND SHE SPOKE. I THOUGHT SHE WAS GOING TO</p> <p>14 SAY HELLO, BUT SHE SPOKE FOR A WHILE.</p> <p>15 Q. SPOKE ABOUT WHAT?</p> <p>16 A. SPOKE ABOUT WHAT?</p> <p>17 Q. YEAH.</p> <p>18 A. I DON'T REMEMBER WHAT SHE SPOKE ABOUT. IT HAD TO</p> <p>19 HAVE BEEN -- IT HAD TO HAVE BEEN SOMETHING WITH THE</p> <p>20 I.R.S., BUT I COULDN'T TELL YOU WHAT IT WAS. I</p> <p>21 DON'T HAVE TAPES OR ANYTHING OR AN EXACT RECALL, BUT</p> <p>22 I REMEMBER THAT INCIDENT.</p> <p>23 Q. ANY OTHERS? YOU MENTIONED MEREDITH, THIS I.R.S.</p> <p>24 AGENT. WERE THERE ANY OTHER SPEAKERS?</p> <p>25 A. YEAH. I DON'T REMEMBER.</p>
<p style="text-align: right;">Page 87</p> <p>1 TRANSPORTATION, WHATEVER.</p> <p>2 Q. DID THE SUBJECT OF THE I.R.S. EVER COME UP AT THESE</p> <p>3 SEMINARS?</p> <p>4 A. OCCASIONALLY.</p> <p>5 Q. IN WHAT CONTEXT?</p> <p>6 A. WHAT CONTEXT? IT'S REALLY SIMPLE. PEOPLE, PROBABLY</p> <p>7 EVERY SEMINAR, SOMEBODY WOULD STAND UP AND SAY DO I</p> <p>8 HAVE TO PAY MY TAXES? COME RIGHT OUT AND SAY IT.</p> <p>9 Q. WHAT WAS THE ANSWER TO THAT?</p> <p>10 A. THE ANSWER IS DO YOU HAVE TO PAY YOUR TAXES? YES,</p> <p>11 YOU HAVE TO PAY YOUR TAXES. HE OWNED IT, IT'S HIS.</p> <p>12 AND THAT'S AS FAR AS THAT WOULD GO.</p> <p>13 Q. DID YOU PROMOTE MEMBERSHIP INTO THE AWARE GROUP AT</p> <p>14 THESE SEMINARS?</p> <p>15 A. OF COURSE.</p> <p>16 Q. DID YOU PROMOTE THE FREEDOM TRUST GROUP AT THESE</p> <p>17 SEMINARS?</p> <p>18 A. I DON'T THINK WE HAD THE FREEDOM TRUST GROUP UNTIL</p> <p>19 -- THERE MIGHT HAVE BEEN ONE OR TWO SEMINARS THAT WE</p> <p>20 DID. I DON'T REMEMBER WHAT THE TIMELINE IS. WHEN</p> <p>21 FREEDOM TRUST GROUP STARTED, WE GOT IT IN THE</p> <p>22 SOFTWARE. THIS WAS -- THIS WAS A NEW BALLGAME FOR</p> <p>23 ME, ALL NEW INTERESTING THINGS, THE SOFTWARE THING,</p> <p>24 I'M TALKING ABOUT.</p> <p>25 Q. UH-HUH. SO, YOUR FOCUS SHIFTED, THEN, BETWEEN KIND</p>	<p style="text-align: right;">Page 89</p> <p>1 Q. HOW OFTEN DID YOU DISSEMINATE NEWSLETTERS TO MEMBERS</p> <p>2 OF THE AWARE GROUP?</p> <p>3 A. WHEN THE MOOD WOULD STRIKE US. IF THERE WAS AN</p> <p>4 EVENT.</p> <p>5 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER 23,</p> <p>6 NEWSLETTER, ATTACHED.)</p> <p>7 EXAMINATION RESUMED BY MR. STRONG:</p> <p>8 Q. I'LL HAND YOU WHAT'S MARKED EXHIBIT NUMBER 23.</p> <p>9 A. YEAH.</p> <p>10 Q. IS THIS AN EXAMPLE OF A NEWSLETTER THAT YOU WOULD</p> <p>11 ---</p> <p>12 A. UH-HUH.</p> <p>13 Q. --- SEND OUT? IT'S INTERESTING, CAN YOU LOOK AT</p> <p>14 PAGE FOUR, PLEASE? THIS IS MATERIAL, THIS IS</p> <p>15 PROMOTIONAL MATERIAL ABOUT THE BENEFITS OF A PURE</p> <p>16 TRUST, CORRECT?</p> <p>17 A. UH-HUH.</p> <p>18 Q. AND IT LISTS IN THE LAST COLUMN YES FOR ALL OF THE,</p> <p>19 WHAT BENEFITS MIGHT BE DERIVED FROM A PURE TRUST,</p> <p>20 CORRECT?</p> <p>21 A. RIGHT.</p> <p>22 Q. INCLUDING AVOIDING I.R.S. SEIZURES?</p> <p>23 A. RIGHT.</p> <p>24 Q. REDUCING INCOME TAXES?</p> <p>25 A. RIGHT.</p>

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<p style="text-align: right;">Page 90</p> <p>1 Q. AVOIDING ESTATE TAXES?</p> <p>2 A. RIGHT.</p> <p>3 Q. AND THE BOOKS AND RECORDS OF THE PURE TRUSTS WOULD</p> <p>4 BE PROTECTED FROM A COURT-ORDERED SUBPOENA?</p> <p>5 A. THAT'S WHAT IT SAYS.</p> <p>6 Q. SO, YOU WERE MARKETING THE PURE TRUST AS BEING ABLE</p> <p>7 TO DO ALL THESE THINGS FOR YOU?</p> <p>8 A. THAT'S WHAT WE BELIEVED AT THE TIME, YEAH. THAT WAS</p> <p>9 EARLY ON, TOO. THERE'S NO DATE ON HERE, I NOTICE.</p> <p>10 AH, SEPTEMBER OF '96, OKAY.</p> <p>11 Q. DID THE BENEFITS OF THE PURE TRUST CHANGE OVER TIME?</p> <p>12 A. NO, THE BENEFITS OF THE PURE TRUST DOESN'T CHANGE,</p> <p>13 BUT OTHER THINGS CHANGE.</p> <p>14 Q. WHAT DO YOU MEAN OTHER THINGS?</p> <p>15 A. EVERYTHING CHANGES.</p> <p>16 Q. EXCEPT THE BENEFITS OF THE PURE TRUST?</p> <p>17 A. PERCEPTIONS OF IT.</p> <p>18 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER 24,</p> <p>19 NEWSLETTER, ATTACHED.)</p> <p>20 EXAMINATION RESUMED BY MR. STRONG:</p> <p>21 Q. THIS HAS BEEN MARKED AS PLAINTIFF'S EXHIBIT 24. A</p> <p>22 COPY HAS BEEN PROVIDED TO OPPOSING COUNSEL.</p> <p>23 A. 9-11.</p> <p>24 Q. IS THIS ALSO A NEWSLETTER THAT THE AWARE GROUP PUT</p> <p>25 OUT?</p>	<p style="text-align: right;">Page 92</p> <p>1 A. THAT WHAT ARE?</p> <p>2 Q. SOCIAL SECURITY NUMBER, 1040s, W-4 TAX FORMS, VOTER</p> <p>3 REGISTRATION, DRIVER'S LICENSE AND VEHICLE</p> <p>4 REGISTRATION, BANK ACCOUNTS AND CREDIT CARDS, POSTAL</p> <p>5 ADDRESS, INCORPORATION PAPERS, BUSINESS LICENSES,</p> <p>6 MARRIAGE LICENSES AND ---</p> <p>7 A. YEAH, THIS WAS PUBLISHED SOMEPLACE ELSE AND I LIKED</p> <p>8 IT AND I READ IT AND I UNDERSTOOD IT AND I THOUGHT</p> <p>9 THAT THAT WAS GOOD INFORMATION.</p> <p>10 Q. AND SO, YOU THEN DISSEMINATED IT OUT TO THE MEMBERS</p> <p>11 OF THE AWARE GROUP?</p> <p>12 A. OF COURSE.</p> <p>13 Q. WHAT IS ABSOLUTE SOLUTIONS, INCORPORATED?</p> <p>14 A. ABSOLUTE SOLUTIONS WAS A CORPORATION THAT I HAD</p> <p>15 ESTABLISHED JUST TO BE ABLE TO WORK UNDER</p> <p>16 INCORPORATION, UNDER A CORPORATE NAME TO REDUCE</p> <p>17 LIABILITY.</p> <p>18 Q. SO, YOU REGISTERED IT WITH THE SECRETARY OF STATE</p> <p>19 THEN?</p> <p>20 A. WITH WHAT?</p> <p>21 Q. THE SECRETARY OF STATE?</p> <p>22 A. I DON'T KNOW IF IT'S REGISTERED IN SOUTH CAROLINA.</p> <p>23 I KNOW IT'S REGISTERED IN NEVADA.</p> <p>24 Q. IN NEVADA? DID YOU OPEN A BANK ACCOUNT IN THEIR</p> <p>25 NAME?</p>
<p style="text-align: right;">Page 91</p> <p>1 A. OH, YEAH.</p> <p>2 Q. AND ON THE SECOND PAGE, IT LISTS SOME SEMINARS THAT</p> <p>3 WERE UPCOMING?</p> <p>4 A. UH-HUH.</p> <p>5 Q. WAS ONE DONE IN CALIFORNIA?</p> <p>6 A. THAT ONE GOT CANCELLED.</p> <p>7 Q. WHAT ABOUT THE ONE IN FLORIDA?</p> <p>8 A. I DON'T THINK WE WENT TO TAMPA. NO, WE DIDN'T GO TO</p> <p>9 TAMPA. YEAH, THAT SAME GUY THAT SPONSORED US FOR</p> <p>10 TAMPA WAS THE GUY IN CALIFORNIA. THAT DIDN'T</p> <p>11 HAPPEN.</p> <p>12 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER 25,</p> <p>13 NEWSLETTER, ATTACHED.)</p> <p>14 EXAMINATION RESUMED BY MR. STRONG:</p> <p>15 Q. AND JUST ONE MORE NEWSLETTER I WANT YOU TO TAKE A</p> <p>16 LOOK AT. MARK THIS AS EXHIBIT 25. IS THIS ALSO AN</p> <p>17 EXAMPLE OF A NEWSLETTER THAT THE AWARE GROUP</p> <p>18 DISSEMINATED?</p> <p>19 A. UH-HUH.</p> <p>20 Q. YOU DISCUSS ADHESION CONTRACTS ON PAGE FIVE.</p> <p>21 A. OKAY.</p> <p>22 Q. IS THAT CORRECT?</p> <p>23 A. IT'S -- YEAH, I'M READING OFF THE SAME PAGE YOU ARE.</p> <p>24 Q. JUST TO CLARIFY, ARE YOU SAYING THESE ARE EXAMPLES</p> <p>25 OF ADHESION CONTRACTS?</p>	<p style="text-align: right;">Page 93</p> <p>1 A. ABSOLUTE SOLUTIONS? I THINK SO.</p> <p>2 BY MR. STRONG:</p> <p>3 I THINK WE'RE ON EXHIBIT 26 NOW?</p> <p>4 BY THE COURT REPORTER:</p> <p>5 THAT'S RIGHT.</p> <p>6 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT NUMBER 26,</p> <p>7 CHECKS AND BANK STATEMENTS, ATTACHED.)</p> <p>8 EXAMINATION RESUMED BY MR. STRONG:</p> <p>9 Q. COPIES TO OPPOSING COUNSEL. THIS IS A SET OF CHECKS</p> <p>10 AND BANK STATEMENTS FOR ABSOLUTE SOLUTIONS WITH THE</p> <p>11 BANK OF TRAVELERS REST.</p> <p>12 A. SORRY ABOUT THAT. I THINK YOU NEEDED A STAPLER. IS</p> <p>13 THAT THE BOTTOM OR THE TOP?</p> <p>14 BY MR. BENNETT:</p> <p>15 THIS IS THE TOP. THAT'S THE BOTTOM.</p> <p>16 BY THE WITNESS:</p> <p>17 OKAY. THANK YOU.</p> <p>18 EXAMINATION RESUMED BY MR. STRONG:</p> <p>19 Q. WAS THIS CREATED AFTER YOUR DIVORCE FROM MS.</p> <p>20 ALEXANDER OR MS. FERGUSON? WAS ABSOLUTE SOLUTIONS,</p> <p>21 NOT THE ACCOUNT?</p> <p>22 A. YEAH. I HAVE TO SAY PROBABLY. IT SAYS 12-7-04. I</p> <p>23 DON'T HAVE THE DATE THAT WE WERE DIVORCED.</p> <p>24 Q. OKAY. IF I TOLD YOU YOU WERE DIVORCED IN AUGUST OF</p> <p>25 '04, WOULD THAT SOUND ABOUT RIGHT?</p>

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<p style="text-align: right;">Page 94</p> <p>1 A. IF THAT'S WHAT IT WAS, YEAH, THEN IT WAS DONE AFTER.</p> <p>2 Q. I'M LOOKING AT CHECK 1002. DID YOU FIND IT?</p> <p>3 BY MR. BENNETT:</p> <p>4 DO YOU HAVE IT?</p> <p>5 BY THE WITNESS:</p> <p>6 YEAH.</p> <p>7 EXAMINATION RESUMED BY MR. STRONG:</p> <p>8 Q. THIS IS A CHECK -- IS THAT A COPY OF YOUR SIGNATURE</p> <p>9 ON THE CHECK?</p> <p>10 A. YES.</p> <p>11 Q. WHAT IS F.F.U.S.A.?</p> <p>12 A. I DON'T KNOW. IT SAYS DOWN HERE A MERCHANT ACCOUNT</p> <p>13 ESTABLISHED.</p> <p>14 Q. DID YOU ESTABLISH A MERCHANT ACCOUNT?</p> <p>15 A. APPARENTLY SO.</p> <p>16 Q. DO YOU STILL HAVE THAT MERCHANT ACCOUNT?</p> <p>17 A. NO. I DON'T HAVE ABSOLUTE SOLUTIONS, EITHER.</p> <p>18 Q. WHEN DID ABSOLUTE SOLUTIONS CEASE?</p> <p>19 A. WITHIN THE LAST FEW YEARS. I JUST STOPPED PAYING</p> <p>20 THE YEARLY ON IT AND JUST LET IT GO. THE I.R.S.</p> <p>21 TOOK MY ABSOLUTE SOLUTIONS' ACCOUNT AND MADE IT</p> <p>22 DISAPPEAR, SO THERE WAS NOTHING THERE.</p> <p>23 Q. WHEN ABSOLUTE SOLUTIONS WAS OPERATING, I SEE A FEW</p> <p>24 DEPOSIT SLIPS IN THERE. WHERE WAS IT GETTING ITS</p> <p>25 MONEY?</p>	<p style="text-align: right;">Page 96</p> <p>1 A. YES.</p> <p>2 Q. OKAY. SO, YOU'RE PAYING THAT OUT OF FUNDS -- YOU'RE</p> <p>3 PAYING THE PROPERTY TAX OUT OF FUNDS FROM ABSOLUTE</p> <p>4 SOLUTIONS?</p> <p>5 A. IN THIS PARTICULAR CASE, YES.</p> <p>6 Q. LET ME JUST TIE UP A COUPLE OF LOOSE ENDS HERE, AND</p> <p>7 THEN I'LL LET MR. BENNETT HAVE HIS OPPORTUNITY TO</p> <p>8 ASK YOU A FEW QUESTIONS. DID YOUR MOTHER EVER --</p> <p>9 DID YOUR MOTHER EVER LIVE AT 6350 WHITE HORSE ROAD?</p> <p>10 A. SHE STAYED WITH ME FOR A SHORT PERIOD OF TIME AFTER</p> <p>11 WE TOOK HER OUT OF ASSISTED LIVING.</p> <p>12 Q. AND UPON HER PASSING AWAY, HOW DID THE PROPERTY --</p> <p>13 HOW DID THE PROPERTY -- WHAT HAPPENED TO THE</p> <p>14 PROPERTY?</p> <p>15 A. NOTHING. THERE HAD ALREADY BEEN A TRANSFER YEARS</p> <p>16 BEFORE THAT TO THE TRUST.</p> <p>17 Q. AND DID THE FREEDOM TRUST GROUP OR THE AWARE GROUP</p> <p>18 HAVE ANY OTHER EMPLOYEES OTHER THAN YOU AND HEATHER?</p> <p>19 A. NO.</p> <p>20 Q. DID YOU CONTRACT FOR ANY CONSULTING SERVICES?</p> <p>21 A. YEAH, WE CONTRACTED FOR COMPUTER WORK OR GRAPHICS.</p> <p>22 Q. WHO WOULD YOU CONTRACT WITH?</p> <p>23 A. THERE WAS -- PRIMARILY, HEATHER WOULD FIND PEOPLE.</p> <p>24 Q. AND THAT WAS JUST FOR, WHAT, SETTING UP A WEBSITE OR</p> <p>25 ---</p>
<p style="text-align: right;">Page 95</p> <p>1 A. PROBABLY JUST SHIFTING IT OVER FROM ANOTHER ACCOUNT,</p> <p>2 FROM PROBABLY FREEDOM TRUST GROUP.</p> <p>3 Q. AND FREEDOM TRUST GROUP, AT THIS TIME, WAS STILL</p> <p>4 GETTING MONEY FROM SELLING THE FREEDOM TRUST GROUP</p> <p>5 SOFTWARE?</p> <p>6 A. WE SOLD SOME SOFTWARE AFTER HEATHER LEFT, BUT I</p> <p>7 CAN'T SAY FOR HOW LONG. WE JUST KIND OF PETERED</p> <p>8 OUT. YOU KNOW WHAT I MEAN?</p> <p>9 Q. WELL, WHEN DID FREEDOM TRUST GROUP CEASE OPERATING?</p> <p>10 A. OH, GOD, IT WAS -- MEANING STOP SELLING SOFTWARE,</p> <p>11 YEAH, QUITE A WHILE AGO. THIS IS '09, SO '04, '05,</p> <p>12 SOMETHING AROUND THERE.</p> <p>13 Q. AND THE -- LET'S TAKE A LOOK AT CHECK 1029.</p> <p>14 A. THE VERY BOTTOM?</p> <p>15 BY MR. BENNETT:</p> <p>16 JUST TAKE MINE.</p> <p>17 BY THE WITNESS:</p> <p>18 OKAY.</p> <p>19 EXAMINATION RESUMED BY MR. STRONG:</p> <p>20 Q. IS THAT YOUR SIGNATURE ON THE CHECK?</p> <p>21 A. IT'S A COPY OF MY SIGNATURE, YES.</p> <p>22 Q. AND MADE OUT TO THE GREENVILLE COUNTY TAX COLLECTOR?</p> <p>23 A. RIGHT.</p> <p>24 Q. IS THIS CHECK PAYING THE PROPERTY TAX ON THE 6350</p> <p>25 WHITE HORSE ROAD?</p>	<p style="text-align: right;">Page 97</p> <p>1 A. NO, ACTUALLY, SHE -- I DON'T KNOW HOW, BUT SHE SET</p> <p>2 UP THE WEBSITES. NO, WHEN WE GOT INTO THE SOFTWARE,</p> <p>3 SHE WASN'T -- SHE DID THE -- SHE PUT THE FREEDOM</p> <p>4 FILES TOGETHER AND SHE PUT THE SECURITY ON THE</p> <p>5 FREEDOM FILES. THE FREEDOM TRUST GROUP SOFTWARE,</p> <p>6 I'M PRETTY SURE SHE DID THAT, TOO, BUT THEN WE GOT</p> <p>7 INTO OTHER STUFF AND WE HAD TO CONTRACT THAT OUT TO</p> <p>8 PEOPLE THAT KNEW WHAT THEY WERE DOING BECAUSE IT WAS</p> <p>9 -- IT WAS BEYOND HER.</p> <p>10 Q. WHAT WERE YOUR DAY TO DAY DUTIES AT THE AWARE GROUP</p> <p>11 AND THE FREEDOM TRUST GROUP?</p> <p>12 A. DO YOU REALLY WANT TO KNOW? I WAS BITCHED AT FOR IT</p> <p>13 ALL THE TIME.</p> <p>14 Q. YES.</p> <p>15 A. I WAS A VORACIOUS READER.</p> <p>16 Q. AND OTHER THAN READING, DID YOU HAVE ANY OTHER</p> <p>17 DUTIES?</p> <p>18 A. I WOULD TAKE PHONE CALLS SOMETIMES. PEOPLE WOULD</p> <p>19 COME BY.</p> <p>20 Q. WHAT WOULD THEY CALL YOU ABOUT?</p> <p>21 A. WHATEVER KIND OF QUESTIONS THEY HAD, IF THEY WANTED</p> <p>22 INFORMATION OR THEY WOULD CALL ME AND SHARE</p> <p>23 INFORMATION WITH ME THAT THEY FOUND.</p> <p>24 Q. WHAT KIND OF LIVING DID YOU MAKE FROM SELLING THE</p> <p>25 FREEDOM TRUST GROUP MATERIALS AND THE AWARE GROUP</p>

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<p style="text-align: right;">Page 98</p> <p>1 MEMBERSHIPS?</p> <p>2 A. WELL, OKAY. IT WASN'T ANYTHING TO BUY A BRAND NEW</p> <p>3 HOUSE OUT OF. I KNOW THAT.</p> <p>4 Q. WERE YOU SCRAPING BY TO BUY GROCERIES, THOUGH?</p> <p>5 A. NO. WE WERE GETTING BY. WE WERE GETTING BY OKAY.</p> <p>6 IT WAS COMFORTABLE.</p> <p>7 Q. YOU WERE ABLE TO MAKE IMPROVEMENTS TO THE HOUSE THAT</p> <p>8 YOU WERE AT?</p> <p>9 A. YEAH.</p> <p>10 Q. SO, YOU WERE ABLE TO PUT ON A DECK, ADD NEW PAINT,</p> <p>11 COMFORTABLY?</p> <p>12 A. NO, THE DECK WASN'T COMFORTABLE. THAT WAS A</p> <p>13 STRETCH.</p> <p>14 Q. ABOUT HOW MANY MEMBERS WOULD JOIN THE AWARE GROUP IN</p> <p>15 A MONTH?</p> <p>16 A. I HAVE NO IDEA. COULD BE AS FEW AS TWO OR THREE.</p> <p>17 IT COULD BE AS MANY AS 20 OR 30. IT DEPENDS.</p> <p>18 Q. DEPENDING ON WHAT?</p> <p>19 A. IF WE HAD AN EVENT, YOU KNOW, A SEMINAR. THAT WAS</p> <p>20 THE PURPOSE OF THE SEMINARS TO HELP GOOSE UP</p> <p>21 MEMBERSHIP. IT WAS ALWAYS AN UPHILL FIGHT.</p> <p>22 Q. ABOUT WHAT WAS THE TOTAL MEMBERSHIP OF THE AWARE</p> <p>23 GROUP?</p> <p>24 A. I HAVE NO IDEA.</p> <p>25 Q. DO YOU KNOW HOW MANY PEOPLE BOUGHT FREEDOM TRUST</p>	<p style="text-align: right;">Page 100</p> <p>1 Q. YOU HAVE A -- YOU WERE ALSO INTO COIN COLLECTING,</p> <p>2 CORRECT?</p> <p>3 A. YEAH.</p> <p>4 Q. SO, DO YOU HAVE A COLLECTION OF COINS?</p> <p>5 A. I HAD A COLLECTION OF COINS.</p> <p>6 Q. WHAT DO YOU MEAN, HAD?</p> <p>7 A. I WAS RELIEVED OF MY COINS A COUPLE OF YEARS AGO.</p> <p>8 Q. OKAY. BY WHOM?</p> <p>9 A. I CAN'T BE EXACTLY SURE, BUT I THINK IT WAS A GUEST</p> <p>10 THAT I HAD IN MY HOUSE FROM NEW YORK. AND I CAN'T</p> <p>11 FINGER HIM WITHOUT SEEING IT HAPPEN, BUT HE HAD THE</p> <p>12 OPPORTUNITY AND THE MOTIVE.</p> <p>13 Q. BESIDES THE TWO ACCOUNTS WITH BANK OF TRAVELERS REST</p> <p>14 THAT WE'VE BEEN DISCUSSING HERE TODAY, DO YOU HAVE</p> <p>15 ANY OTHER BANKING ACCOUNTS?</p> <p>16 A. THEN?</p> <p>17 Q. THEN AND NOW.</p> <p>18 A. NOW? I'VE GOT A SOCIAL SECURITY ACCOUNT.</p> <p>19 Q. YOU'RE DRAWING SOCIAL SECURITY. ANY PENSIONS OR</p> <p>20 I.R.A.s OR ANYTHING OF THAT SORT?</p> <p>21 A. NO.</p> <p>22 Q. STOCKS OR BONDS?</p> <p>23 A. NO.</p> <p>24 Q. CERTIFICATES OF DEPOSIT?</p> <p>25 A. NO.</p>
<p style="text-align: right;">Page 99</p> <p>1 GROUP MATERIALS?</p> <p>2 A. PROBABLY SOMEWHERE BETWEEN A HUNDRED -- IF I HAD TO</p> <p>3 PUT A NUMBER, MAYBE A HUNDRED AND FIFTY, TWO HUNDRED</p> <p>4 MAX, BECAUSE I REMEMBER WE HAD A THOUSAND BOXES FOR</p> <p>5 THE SOFTWARE MADE. AND I WOUND UP CRUSHING ALMOST</p> <p>6 ALL OF THOSE BOXES.</p> <p>7 Q. BUT YOU SOLD MORE THAN JUST FREEDOM TRUST GROUP, THE</p> <p>8 SOFTWARE, AND THEN ALSO MEMBERSHIPS. YOU SOLD DVDs?</p> <p>9 A. YOU MEAN WHEN I WAS WITH HEATHER?</p> <p>10 Q. YES.</p> <p>11 A. SPECIFICALLY?</p> <p>12 Q. WHEN YOU WERE WORKING WITH THE AWARE GROUP AND THE</p> <p>13 FREEDOM TRUST GROUP ---</p> <p>14 A. UH-HUH.</p> <p>15 Q. --- DID YOU SELL CDs AND DVDs?</p> <p>16 A. YEAH, AT SEMINARS, WE DID. OR SHE -- WELL, THEY HAD</p> <p>17 A CATALOG. YEAH, THAT'S RIGHT. WE HAD A CATALOG.</p> <p>18 IT WASN'T A BIG SELLER, I DON'T THINK.</p> <p>19 Q. BUT YOU WERE ABLE TO -- BUT YOU WERE TRYING TO SELL</p> <p>20 SOME OTHER PRODUCTS?</p> <p>21 A. YEAH, WE WERE TRYING TO GET BY.</p> <p>22 Q. DID I.B.S. HAVE A CHARLES SCHWAB ACCOUNT?</p> <p>23 A. UH-HUH.</p> <p>24 Q. AND WHAT WAS IN THAT CHARLES SCHWAB ACCOUNT?</p> <p>25 A. DON'T KNOW.</p>	<p style="text-align: right;">Page 101</p> <p>1 Q. SAFETY DEPOSIT BOX?</p> <p>2 A. DON'T BELIEVE IN THOSE.</p> <p>3 Q. WHEN WAS THE LAST TIME YOU FILED A FORM 1040 WITH</p> <p>4 THE I.R.S.?</p> <p>5 A. PROBABLY THE LATE '80s.</p> <p>6 Q. AND WHY HAVEN'T YOU FILED ONE SINCE THE LATE '80s?</p> <p>7 A. I DON'T BELIEVE THAT I'M ONE WHO IS LIABLE FOR THAT.</p> <p>8 Q. WHY?</p> <p>9 BY MR. BENNETT:</p> <p>10 OBJECT AS TO FORM. CALLS FOR A LEGAL</p> <p>11 CONCLUSION, BUT YOU CAN ANSWER THE QUESTION.</p> <p>12 BY THE WITNESS:</p> <p>13 OKAY. WE'LL COVER THAT LATER THEN.</p> <p>14 EXAMINATION RESUMED BY MR. STRONG:</p> <p>15 Q. YOU CAN ANSWER THE QUESTION.</p> <p>16 BY MR. BENNETT:</p> <p>17 YEAH, YOU CAN ANSWER THE QUESTION.</p> <p>18 BY THE WITNESS:</p> <p>19 I CAN ANSWER THE QUESTION? OH, OKAY. SAY THAT</p> <p>20 AGAIN, THEN.</p> <p>21 EXAMINATION RESUMED BY MR. STRONG:</p> <p>22 Q. WHY DIDN'T YOU FILE -- WHY DO YOU FEEL YOU'RE NOT</p> <p>23 LIABLE FOR, TO FILE AN INCOME TAX RETURN?</p> <p>24 BY MR. BENNETT:</p> <p>25 SAME OBJECTION, AND YOU CAN ANSWER THE</p>

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<p style="text-align: right;">Page 102</p> <p>1 QUESTION.</p> <p>2 BY THE WITNESS:</p> <p>3 OKAY. BECAUSE I DON'T FEEL THAT I'M ONE WHO IS</p> <p>4 LIABLE.</p> <p>5 EXAMINATION RESUMED BY MR. STRONG:</p> <p>6 Q. YOU STATED THAT. I ASKED WHY YOU DID NOT FEEL THAT</p> <p>7 YOU WERE LIABLE.</p> <p>8 A. BECAUSE OF ALL THE RESEARCH, ALL THE READING THAT</p> <p>9 I'VE DONE, ALL THE CASES THAT I'VE BEEN THROUGH AND</p> <p>10 EVERYTHING. IT'S BROUGHT ME TO THAT CONCLUSION.</p> <p>11 Q. CAN YOU POINT TO WHAT CASES OR ---</p> <p>12 A. NO, I CAN'T. I DON'T HAVE THAT IN MY HEAD. I'M NOT</p> <p>13 A COMPUTER, BUT THERE IS A LIBRARY, A WIDE VARIETY</p> <p>14 OF INFORMATION. I WILL GIVE ONE EXAMPLE. THE 63, I</p> <p>15 DON'T REMEMBER, EITHER 6330 OR 31, WHATEVER IT WAS,</p> <p>16 THAT THE INTENT TO LEVY.</p> <p>17 Q. UH-HUH.</p> <p>18 A. WELL, NO, WE ALREADY DISCUSSED THAT. WHERE THEY</p> <p>19 LEFT OUT THAT PARAGRAPH A. WHEN THEY SHOWED IT TO</p> <p>20 ME, IT MADE ME VERY SKEPTICAL ABOUT EVERYTHING, AND</p> <p>21 IT'S THAT SKEPTICISM -- BEFORE I FOUND OUT WHAT WAS</p> <p>22 GOING ON OR WHAT I PERCEIVE IS GOING ON IN THE</p> <p>23 GOVERNMENT, IT WAS MY GOVERNMENT. IT WAS LIKE GOD.</p> <p>24 YOU COULDN'T DO ANYTHING WRONG. I FOUND OUT THAT</p> <p>25 WASN'T TRUE.</p>	<p style="text-align: right;">Page 104</p> <p>1 Q. SO, SOMEBODY WHO HAS NOT FORMED ONE OF THESE</p> <p>2 ADHESION CONTRACTS, AS YOU CALL THEM, AND WHO</p> <p>3 RESIDED OUTSIDE OF THE DISTRICT OF COLUMBIA WOULD</p> <p>4 NOT BE A U.S. CITIZEN?</p> <p>5 A. IT'S NOT POSSIBLE. THEY DO IT AT YOUR BIRTH.</p> <p>6 Q. OKAY.</p> <p>7 BY MR. STRONG:</p> <p>8 I HAVE NO FURTHER QUESTIONS, IF YOU WANT TO ---</p> <p>9 BY MR. BENNETT:</p> <p>10 MERCIFULLY, I HAVE NO QUESTIONS.</p> <p>11 (THERE BEING NO OTHER QUESTIONS, THE DEPOSITION WAS</p> <p>12 CONCLUDED AT THE HOUR OF 3:47 P.M.)</p>
<p style="text-align: right;">Page 103</p> <p>1 Q. HAVE YOU EVER HEARD THE TERM THE 14TH AMENDMENT</p> <p>2 CITIZEN?</p> <p>3 A. UH-HUH.</p> <p>4 Q. WHAT DOES THAT MEAN TO YOU?</p> <p>5 A. 14TH AMENDMENT CITIZEN MEANS SOMEBODY THAT IS A U.S.</p> <p>6 CITIZEN.</p> <p>7 Q. CAN YOU CLARIFY WHAT YOU MEAN BY THAT?</p> <p>8 A. OH, YEAH. AS A MATTER OF FACT, TODAY IS THE</p> <p>9 ANNIVERSARY OF THE DAY OF THE 15 STATUTES AT LARGE</p> <p>10 WHERE CONGRESS PUT IN THE RIGHT TO EX PATRIATE.</p> <p>11 THERE WAS NOTHING TO EX PATRIATE FROM UNTIL THE NEXT</p> <p>12 DAY, THE THEORETICAL RATIFICATION OF THE 14TH</p> <p>13 AMENDMENT, WHICH MADE PEOPLE SUBJECT TO THE</p> <p>14 JURISDICTION THEREOF.</p> <p>15 Q. OKAY. CAN YOU CLARIFY WHAT YOU MEAN BY THAT?</p> <p>16 A. WHAT IS IT THAT YOU NEED CLARIFICATION OF?</p> <p>17 Q. WHAT DO YOU MEAN THE JURISDICTION THEREOF?</p> <p>18 A. THE JURISDICTION THEREOF IS THE UNITED STATES,</p> <p>19 A.K.A. THE DISTRICT OF COLUMBIA.</p> <p>20 Q. SO, THE -- WHEN YOU SAY A U.S. CITIZEN, YOU'RE</p> <p>21 REFERRING ONLY TO SOMEBODY WHO IS LIVING WITHIN THE</p> <p>22 DISTRICT OF COLUMBIA?</p> <p>23 A. NO, ANYBODY WHO HAS ANY OF THESE ADHESION CONTRACTS</p> <p>24 AND ALL THESE OTHER CUTE LITTLE WAYS TO DRAW THEM</p> <p>25 IN.</p>	<p style="text-align: right;">Page 105</p> <p>1 IN THE UNITED STATES DISTRICT COURT</p> <p>2 DISTRICT OF SOUTH CAROLINA</p> <p>3 C.A. NO. 6:08-CV-3760</p> <p>4 UNITED STATES OF AMERICA,</p> <p>5 PLAINTIFF,</p> <p>6 VERSUS</p> <p>7 JOHN HOWARD ALEXANDER,</p> <p>8 DEFENDANT.</p> <p>9</p> <p>10 I, JILL BISHOP EDWARDS, A NOTARY PUBLIC FOR THE</p> <p>11 STATE OF SOUTH CAROLINA, DULY COMMISSIONED AND QUALIFIED</p> <p>12 AS SUCH, DO HEREBY CERTIFY THAT THE FOREGOING 104 PAGES</p> <p>13 REPRESENT A TRUE AND ACCURATE TRANSCRIPT OF THE FOREGOING</p> <p>14 DEPOSITION OF JOHN HOWARD ALEXANDER TAKEN BY ME ON THE</p> <p>15 27TH DAY OF JULY, 2009.</p> <p>16 THAT THE DEPONENT WAS DULY PLACED UNDER OATH AND</p> <p>17 ADMONISHED TO SPEAK THE WHOLE TRUTH. THAT THE ORAL</p> <p>18 TESTIMONY WAS DULY TAKEN AND TRANSCRIBED AS TO THE</p> <p>19 QUESTIONS PROPOUNDED AND THE ANSWERS GIVEN.</p> <p>20 THAT ALL OFFERED EXHIBITS, STIPULATIONS AND</p> <p>21 OBJECTIONS, IF ANY, INVOLVED IN THIS CAUSE ARE DULY</p> <p>22 ATTACHED OR INCLUDED HEREIN.</p> <p>23 IN WITNESS WHEREOF, I HAVE SET MY HAND AND OFFICIAL</p> <p>24 SEAL THIS 13TH DAY OF AUGUST, 2009.</p> <p>25</p> <p>26 _____</p> <p>27 JILL BISHOP EDWARDS</p> <p>28 NOTARY PUBLIC FOR SOUTH CAROLINA</p> <p>29 MY COMMISSION EXPIRES: 7-10-2010</p> <p>30</p> <p>31 * THIS TRANSCRIPT MAY CONTAIN QUOTED MATERIAL. SUCH</p> <p>32 MATERIAL IS REPRODUCED AS READ OR QUOTED BY THE</p> <p>33 SPEAKER.</p>

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1 UNITED STATES OF AMERICA,

2 PLAINTIFF,

3

VERSUS

4

JOHN HOWARD ALEXANDER,

5

DEFENDANT.

6

7 ERRATA SHEET

8 I, JOHN H. ALEXANDER, HAVE READ THE FOREGOING 104

9 PAGES OF TESTIMONY GIVEN BY ME ON 7.27.09.

10 THIS TESTIMONY SHOULD BE CORRECTED AS FOLLOWS:

11 PAGE LINE CHANGE FROM CHANGE TO REASON

12

13

14

15

16 SUBJECT TO THE FOREGOING CORRECTIONS, MY TESTIMONY IS AS

17

18 CONTAINED IN THE DEPOSITION TRANSCRIPT.

19

20 THIS _____ DAY OF _____, 2009

21

22

23 _____

24 DEPONENT SIGNATURE NOTARY PUBLIC FOR S.C.

25 MY COMMISSION EXPIRES:

Heather Ferguson

July 27, 2009

Page 1

IN THE UNITED STATES DISTRICT COURT
DISTRICT OF SOUTH CAROLINA
C.A. NO. 6:08-CV-3760

UNITED STATES OF AMERICA,

PLAINTIFF,

VERSUS

JOHN HOWARD ALEXANDER,

DEFENDANT.

DEPOSITION OF HEATHER FERGUSON

PURSUANT TO NOTICE AND/OR AGREEMENT, THE
DEPOSITION OF HEATHER FERGUSON WAS CALLED BY THE
PLAINTIFF ON THE 27TH DAY OF JULY, 2009, COMMENCING AT
THE HOUR OF 9:29 A.M., AT THE OFFICE OF THE UNITED
STATES ATTORNEY, 105 NORTH SPRING STREET, GREENVILLE,
SOUTH CAROLINA, ATTENDED BY COUNSEL AS FOLLOWS:

JILL BISHOP EDWARDS

VERBATIM REPORTER

Heather Ferguson

July 27, 2009

Page 2	Page 4
<p>1 APPEARANCES</p> <p>2</p> <p>3 JAMES C. STRONG, ESQUIRE, OF THE</p> <p>4 UNITED STATES DEPARTMENT OF JUSTICE</p> <p>5 POST OFFICE BOX 7238</p> <p>6 BEN FRANKLIN STATION</p> <p>7 WASHINGTON, DISTRICT OF COLUMBIA 20044</p> <p>8 james.c.strong@usdoj.gov</p> <p>9</p> <p>10 ATTORNEY FOR THE PLAINTIFF,</p> <p>11</p> <p>12</p> <p>13 JESSICA ANN SALVINI, ESQUIRE, OF THE FIRM</p> <p>14 SALVINI AND BENNETT</p> <p>15 101 WEST PARK STREET</p> <p>16 GREENVILLE, SOUTH CAROLINA 29601</p> <p>17</p> <p>18 ATTORNEY FOR THE DEFENDANT.</p> <p>19</p> <p>20</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25 ALSO ATTENDING: MIKE FERGUSON</p>	<p>1 PURSUANT TO NOTICE AND/OR AGREEMENT TO TAKE</p> <p>2 DEPOSITIONS, THE WITHIN VIDEOTAPED DEPOSITION WAS</p> <p>3 TAKEN BY THE ABOVE-NAMED COURT REPORTER, A NOTARY</p> <p>4 PUBLIC FOR THE STATE OF SOUTH CAROLINA, BY CONSENT</p> <p>5 OF ALL PARTIES AT THE OFFICE OF THE UNITED STATES</p> <p>6 ATTORNEY, GREENVILLE, SOUTH CAROLINA.</p> <p>7 *****</p> <p>8 STIPULATIONS:</p> <p>9 IT IS AGREED BY AND BETWEEN COUNSEL FOR THE PARTIES</p> <p>10 AS FOLLOWS:</p> <p>11 1. THE DEPOSITION IS BEING TAKEN PURSUANT TO THE</p> <p>12 FEDERAL RULES OF CIVIL PROCEDURE.</p> <p>13 2. THE READING AND SIGNING OF THE DEPOSITION</p> <p>14 TRANSCRIPT ARE RESERVED BY THE WITNESS AND THE</p> <p>15 PARTIES.</p> <p>16 *****</p> <p>17 THE WITNESS WAS DULY SWORN TO TELL THE TRUTH, THE</p> <p>18 WHOLE TRUTH AND NOTHING BUT THE TRUTH CONCERNING THE</p> <p>19 MATTER HEREIN:</p> <p>20 *****</p> <p>21 HEATHER FERGUSON,</p> <p>22 BEING FIRST DULY SWORN, TESTIFIED ON HER OATH AS</p> <p>23 FOLLOWS: EXAMINATION BY MR. STRONG:</p> <p>24 Q. GOOD MORNING.</p> <p>25 A. MORNING.</p>
Page 3	Page 5
<p>1 INDEX</p> <p>2</p> <p>3 PAGE</p> <p>4 NON-WAIVER AND STIPULATIONS..... 4</p> <p>5 EXAMINATION BY MR. STRONG..... 4</p> <p>6 EXAMINATION BY MS. SALVINI..... 40</p> <p>7 RE-EXAMINATION BY MR. STRONG..... 70</p> <p>8 CERTIFICATE OF NOTARY PUBLIC..... 78</p> <p>9</p> <p>10 EXHIBITS:</p> <p>11 PLAINTIFF'S EXHIBIT NUMBER ONE, MARKED,</p> <p>12 AFFIDAVIT, ATTACHED..... 26</p> <p>13</p> <p>14 PLAINTIFF'S EXHIBIT NUMBER TWO, MARKED,</p> <p>15 CLIENT LIST, ATTACHED..... 28</p> <p>16</p> <p>17</p> <p>18</p> <p>19 OBJECTIONS:</p> <p>20 NONE</p> <p>21</p> <p>22</p> <p>23</p> <p>24</p> <p>25</p>	<p>1 Q. WE'RE HERE TODAY ON -- IT'S JULY 27TH, 2009. WE'RE</p> <p>2 HERE ON NOTICE AND SUBPOENA TO DEPOSE HEATHER</p> <p>3 FERGUSON IN THE CASE OF UNITED STATES VERSUS JOHN</p> <p>4 ALEXANDER, CASE NUMBER 08:3760 IN THE U.S. DISTRICT</p> <p>5 COURT FOR THE DISTRICT OF SOUTH CAROLINA. GOOD</p> <p>6 MORNING.</p> <p>7 A. MORNING.</p> <p>8 Q. MS. FERGUSON, HAVE YOU EVER HAD YOUR DEPOSITION</p> <p>9 TAKEN BEFORE?</p> <p>10 A. NO.</p> <p>11 Q. WELL, I'M GOING TO EXPLAIN TO YOU A LITTLE BIT ABOUT</p> <p>12 WHAT GOES ON AND THEN MAKE SURE THAT YOU'RE AWARE.</p> <p>13 I'M GOING TO ASK YOU A SET OF QUESTIONS. ANSWER</p> <p>14 THEM. OPPOSING COUNSEL THEN WILL HAVE AN</p> <p>15 OPPORTUNITY TO ASK YOU A SET OF QUESTIONS, AND THEN</p> <p>16 I'LL HAVE AN OPPORTUNITY TO DO SOME FOLLOW UP ---</p> <p>17 A. OKAY.</p> <p>18 Q. --- ON THAT. DO YOU UNDERSTAND?</p> <p>19 A. YES.</p> <p>20 Q. OKAY. IF AT ANY TIME YOU NEED A BREAK, YOU KNOW,</p> <p>21 NEED TO GO TO THE REST ROOM, NEED A GLASS OF WATER,</p> <p>22 LET ME KNOW, AND WE'LL STOP AND WE'LL DO THAT. DO</p> <p>23 YOU UNDERSTAND?</p> <p>24 A. YES.</p> <p>25 Q. OKAY. DO YOU -- HAVE YOU TAKEN ANY MEDICATION TODAY</p>

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<p>1 OR HAD ANY ALCOHOL THAT IT MIGHT AFFECT YOUR</p> <p>2 TESTIMONY IN ANY WAY TODAY?</p> <p>3 A. NO.</p> <p>4 Q. OKAY. WERE YOU PREVIOUSLY MARRIED TO A MAN NAMED</p> <p>5 JOHN ALEXANDER?</p> <p>6 A. YES.</p> <p>7 Q. WHEN DID -- WHEN WERE YOU MARRIED?</p> <p>8 A. WE WERE MARRIED JUNE, I THINK IT WAS THE 22ND, 1997,</p> <p>9 AND WE SEPARATED, I BELIEVE IT WAS THE END OF APRIL,</p> <p>10 THE FIRST PART OF MARCH OF '03, 2003. OUR DIVORCE</p> <p>11 WAS FINAL IN '05, 2005, I BELIEVE.</p> <p>12 Q. AND WHERE DID YOU LIVE DURING THE MARRIAGE?</p> <p>13 A. AT HIS HOME ON WHITE HORSE ROAD IN BEREA.</p> <p>14 Q. DO YOU REMEMBER THE ADDRESS?</p> <p>15 A. I THINK IT WAS 6350 WHITE HORSE ROAD, I THINK.</p> <p>16 Q. AND YOU LIVED ON WHITE HORSE ROAD THE ENTIRE TIME?</p> <p>17 A. YES.</p> <p>18 Q. DO YOU RECALL HOW THE UTILITIES WERE PAID FOR ON</p> <p>19 WHITE HORSE ROAD?</p> <p>20 A. CASH.</p> <p>21 Q. WHO PAID THEM?</p> <p>22 A. YOU MEAN PHYSICALLY PAID THEM? I USUALLY WENT AND</p> <p>23 PAID THEM. I HANDLED ALL BILL PAYING.</p> <p>24 Q. AND FROM WHAT SOURCE OF INCOME WOULD YOU PAY THE</p> <p>25 BILLS?</p>	<p>1 OFF THE TOP OF MY HEAD HOW LONG.</p> <p>2 Q. AND THE AWARE GROUP WAS FORMED WHEN?</p> <p>3 A. I DON'T KNOW.</p> <p>4 Q. OH, OKAY.</p> <p>5 A. IT WAS ALREADY THERE WHEN I MET HIM.</p> <p>6 Q. WHEN WAS THE FREEDOM TRUST GROUP FORMED?</p> <p>7 A. SOMETIME IN THE LATE '90s. I DON'T KNOW OFF THE TOP</p> <p>8 OF MY HEAD. THIS HAS BEEN A WHILE, SO I DON'T</p> <p>9 REMEMBER THESE DATES EXACTLY, YOU KNOW.</p> <p>10 Q. AND I.B.S.?</p> <p>11 A. SOMETIME IN THE LATE '90s, AS WELL. I'M THINKING</p> <p>12 '97, '98 BECAUSE I MET -- I MET ALEX, WHICH THAT'S</p> <p>13 WHAT EVERYONE CALLS HIM. THAT'S HIS NICKNAME, I</p> <p>14 GUESS YOU'D SAY. SO, I MET HIM IN '95 ---</p> <p>15 Q. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>16 A. BUT WE WERE MARRIED IN '97.</p> <p>17 Q. AND WAS HE WORKING WITH THE AWARE GROUP AS FAR BACK</p> <p>18 AS 1995?</p> <p>19 A. OH, YES. THAT'S, LIKE I SAID, BEFORE I MET HIM.</p> <p>20 Q. DO YOU KNOW A WOMAN NAMED MIRIAM GETZ?</p> <p>21 A. YEAH, THAT'S HIS MOTHER.</p> <p>22 Q. DO YOU KNOW IF MIRIAM GETZ IS PRESENTLY ALIVE OR ---</p> <p>23 A. NO, HE TOLD ME SHE HAD PASSED AWAY SEVERAL YEARS</p> <p>24 AGO.</p> <p>25 Q. DO YOU KNOW WHEN?</p>
Page 7	Page 9
<p>1 A. THE MONEY HE WOULD GIVE ME.</p> <p>2 Q. DO YOU KNOW WHERE THAT MONEY CAME FROM?</p> <p>3 A. FROM THE ORGANIZATION THAT HE RAN.</p> <p>4 Q. CLARIFY WHICH ORGANIZATIONS.</p> <p>5 A. THE AWARE GROUP.</p> <p>6 Q. WERE THERE ANY OTHER ORGANIZATIONS?</p> <p>7 A. WELL, THERE WAS FREEDOM TRUST GROUP, AND THEN LATER,</p> <p>8 THERE WAS INTERNATIONAL BUSINESS SYSTEMS,</p> <p>9 INCORPORATED.</p> <p>10 Q. AND TO THE BEST OF YOUR KNOWLEDGE, IS THAT ALL THE</p> <p>11 SOURCES OF INCOME THAT MR. ALEXANDER AND YOU HAD</p> <p>12 DURING THAT TIME?</p> <p>13 A. YES. WELL, WE, NOW, WHEN WE WERE MARRIED, YES.</p> <p>14 WELL, WHEN WE FIRST MET, I WORKED AND STUFF, BUT</p> <p>15 THEN I QUIT WORK AT HIS REQUEST TO ASSIST HIM.</p> <p>16 Q. ARE YOU AWARE IF HE HAD ANY OTHER SOURCES OF INCOME?</p> <p>17 A. NO.</p> <p>18 Q. BEFORE THE MARRIAGE?</p> <p>19 A. NO, NO. HE WAS DOING THIS WHEN I MET HIM.</p> <p>20 Q. DO YOU KNOW HOW LONG HE HAD BEEN WORKING WITH THE</p> <p>21 AWARE GROUP AND THE FREEDOM TRUST GROUP?</p> <p>22 A. WELL, FREEDOM TRUST -- WHEN I MET HIM THE ONLY ONE</p> <p>23 HAD WAS THE AWARE GROUP.</p> <p>24 Q. OKAY.</p> <p>25 A. OKAY? AND AT LEAST A COUPLE OF YEARS. I DON'T KNOW</p>	<p>1 A. WITHIN THE LAST FIVE YEARS. THAT, I KNOW.</p> <p>2 Q. AFTER YOUR DIVORCE?</p> <p>3 A. OH, YES. YES. YEAH, BECAUSE WE WERE MARRIED IN</p> <p>4 WHAT? 2005?</p> <p>5 BY MR. FERGUSON:</p> <p>6 UH-HUH.</p> <p>7 BY THE WITNESS:</p> <p>8 NO. WAIT, IT'S 2009. LET ME GET MY DATES</p> <p>9 STRAIGHT. GIVE ME A SECOND.</p> <p>10 EXAMINATION RESUMED BY MR. STRONG:</p> <p>11 Q. JUST FOR THE RECORD, I GUESS WE'LL PUT IT ON THE</p> <p>12 RECORD HERE.</p> <p>13 A. OH, I'M SORRY.</p> <p>14 Q. SHE'S TALKING TO HER HUSBAND, MIKE FERGUSON, WHO'S</p> <p>15 ALSO IN THE DEPOSITION WITH US. ALSO, IS JESSICA</p> <p>16 SALVINI, COUNSEL FOR -- LAW PARTNER OF BRADLEY</p> <p>17 BENNETT, WHO IS COUNSEL FOR ALEX ALEXANDER.</p> <p>18 A. I APOLOGIZE. LET ME GET MY DATES STRAIGHT REAL</p> <p>19 QUICK, OKAY? I LEFT ALEX IN 2003.</p> <p>20 Q. OKAY.</p> <p>21 A. OUR DIVORCE WAS FINAL IN 2004. YEAH, BECAUSE WE'VE</p> <p>22 BEEN MARRIED FIVE YEARS. YEAH, YEAH. OKAY. 2004.</p> <p>23 MS. GETZ DIED AFTER THE DIVORCE WAS FINAL, SO IT WAS</p> <p>24 2005 OR LATER, I BELIEVE.</p> <p>25 Q. BUT AFTER, OKAY, AFTER 2005?</p>

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<p>1 A. YEAH, I'M SORRY.</p> <p>2 Q. AFTER YOUR DIVORCE WAS FINAL?</p> <p>3 A. I WAS JUST TRYING TO GET ALL MY DATES STRAIGHT IN MY</p> <p>4 HEAD.</p> <p>5 Q. AND THE HOUSE THAT WAS ON WHITE HORSE ROAD, THAT</p> <p>6 STAYED WITH MR. ALEXANDER AFTER ---</p> <p>7 A. YES.</p> <p>8 Q. --- AFTER THE DIVORCE?</p> <p>9 A. YES, YES BECAUSE IT WAS IN HIS MOTHER'S NAME. SHE</p> <p>10 PURCHASED THE HOUSE.</p> <p>11 Q. WHEN YOU SAY SHE PURCHASED THE HOUSE, WHAT DO YOU</p> <p>12 MEAN?</p> <p>13 A. FROM WHAT I WAS TOLD BECAUSE THIS WAS ALL BEFORE I</p> <p>14 EVER EVEN MET HIM, HE WAS IN CALIFORNIA. HE CAME</p> <p>15 HERE TO TAKE CARE OF HIS MOTHER, AND SHE PUT THE</p> <p>16 MONEY DOWN TO PURCHASE THE HOUSE. THOUGH EACH</p> <p>17 MONTH, HE MADE THE MORTGAGE PAYMENT, THE HOUSE WAS</p> <p>18 IN HER NAME.</p> <p>19 Q. HAVE YOU EVER HEARD OF AN ENTITY CALLED THE</p> <p>20 ALEXANDER FAMILY TRUST?</p> <p>21 A. NO. NOT THAT I RECALL, OKAY? THIS WAS NOT PART OF</p> <p>22 ALL THIS. DO YOU KNOW WHAT I'M SAYING?</p> <p>23 Q. WELL, WHY DON'T YOU CLARIFY? WHAT ARE YOU ---</p> <p>24 A. WHAT I MEAN IS IT WASN'T PART OF FREEDOM TRUST GROUP</p> <p>25 AND THE AWARE -- IT WASN'T -- IF HE FORMED A TRUST,</p>	<p>1 A. TYPING UP STUFF. PUTTING TOGETHER MATERIAL. GOING</p> <p>2 AND PICKING UP TAPES FROM THE TAPE DUPLICATOR OR,</p> <p>3 YOU KNOW, ANY KIND OF ADMINISTRATIVE ASSISTANT KIND</p> <p>4 OF ACTIONS. I SPENT MY DAY AT THE COMPUTER.</p> <p>5 Q. DID YOU DO ANY FINANCIAL WORK FOR THE AWARE GROUP?</p> <p>6 A. THE AWARE GROUP DIDN'T HAVE ANY FINANCIAL -- THERE</p> <p>7 WAS NO AWARE GROUP BANK ACCOUNTS. THERE WAS NO</p> <p>8 AWARE GROUP FINANCES, SO TO SPEAK, SO I'M NOT REALLY</p> <p>9 SURE HOW TO ANSWER THAT.</p> <p>10 Q. WHERE WERE THE FINANCES DONE?</p> <p>11 A. FREEDOM TRUST GROUP HAD A BANK ACCOUNT AT THE BANK</p> <p>12 OF TRAVELERS REST.</p> <p>13 Q. DID YOU DO ANY FINANCIAL WORK FOR THE FREEDOM TRUST</p> <p>14 GROUP?</p> <p>15 A. OH, YES. WELL, I HANDLED THE DEPOSITS OR WHATNOT.</p> <p>16 Q. SO, EXPLAIN -- CAN YOU EXPLAIN TO ME HOW, KIND OF</p> <p>17 HOW THE INTERACTION BETWEEN AWARE GROUP AND FREEDOM</p> <p>18 TRUST GROUP WORKED?</p> <p>19 A. WELL, FREEDOM TRUST GROUP HAD SOFTWARE THAT THEY</p> <p>20 SOLD THAT WROTE TRUSTS, THAT PEOPLE COULD USE TO</p> <p>21 WRITE TRUSTS. NEVER, TRUSTS WERE NEVER WRITTEN FOR</p> <p>22 OTHER PEOPLE. OKAY? PEOPLE COULD PURCHASE THE</p> <p>23 SOFTWARE AND THEN WRITE TRUSTS. AND FREEDOM TRUST</p> <p>24 GROUP HAD A BANK ACCOUNT. THEREFORE, AND BECAUSE</p> <p>25 AWARE DIDN'T, ANY MONIES BASICALLY WENT TO FREEDOM</p>
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<p>1 THE ALEXANDER FAMILY TRUST BECAUSE THERE WAS A TRUST</p> <p>2 THAT HE FORMED AFTER WE SEPARATED OR RIGHT AROUND IN</p> <p>3 THERE TO PUT THE HOUSE IN THAT I BELIEVE OUR</p> <p>4 DAUGHTER WAS THE BENEFICIARY OF. NOW, THIS IS ALL,</p> <p>5 I COULD BE TOTALLY WRONG ON ALL OF THIS, BUT I</p> <p>6 REMEMBER SOMETHING BEING FORMED, AND I DON'T KNOW IF</p> <p>7 THAT'S WHAT IT WAS CALLED. I COULD BE TOTALLY</p> <p>8 WRONG, BUT I'M THINKING THAT'S WHAT IT WAS CALLED,</p> <p>9 BUT I HAD NOTHING TO DO WITH IT, AND I DON'T KNOW</p> <p>10 ANYTHING BEYOND THAT. AND LIKE I SAID, I COULD BE</p> <p>11 TOTALLY OFF BASE ON THIS.</p> <p>12 Q. DOES MR. ALEXANDER STILL HAVE CONTACT WITH YOUR</p> <p>13 DAUGHTER?</p> <p>14 A. HE HAS NOT SEEN HER, IN OCTOBER IT WILL BE THREE</p> <p>15 YEARS WHEN THE GRANDDAUGHTER WAS BORN. HE HAS HER</p> <p>16 CONTACT INFORMATION, BUT I DON'T THINK THEY HAVE</p> <p>17 CONTACT. SHE'S 21 NOW, SO.</p> <p>18 Q. SO, YOU'RE NOT AWARE IF SHE'S STILL THE BENEFICIARY</p> <p>19 OF ---</p> <p>20 A. OH, I DON'T, MM-MM (NEGATIVE RESPONSE). I DON'T</p> <p>21 HAVE A CLUE ON ANYTHING, AND SHE CERTAINLY DOESN'T.</p> <p>22 Q. CAN YOU TELL ME ABOUT YOUR INVOLVEMENT WITH THE</p> <p>23 AWARE GROUP?</p> <p>24 A. I WAS BASICALLY ALEX'S PERSONAL ASSISTANT.</p> <p>25 Q. AND WHAT KIND OF DUTIES WOULD THAT ENTAIL?</p>	<p>1 TRUST GROUP UNTIL INTERNATIONAL BUSINESS SYSTEMS WAS</p> <p>2 FORMED BECAUSE IT HAD A MERCHANT ACCOUNT AND</p> <p>3 THEREFORE HAD THE ABILITY TO TAKE CREDIT CARDS. AND</p> <p>4 SO, ANYONE WHO WANTED TO USE A CREDIT CARD, IT WAS</p> <p>5 RAN THROUGH INTERNATIONAL BUSINESS SYSTEMS. AND LET</p> <p>6 ME SAY THIS, OKAY? BECAUSE MR. ALEXANDER AND HIS</p> <p>7 BELIEFS WOULD NOT HAVE HIS NAME, SOCIAL SECURITY</p> <p>8 NUMBER, SIGNATURE, OR ANY IDENTIFYING INFORMATION ON</p> <p>9 ANY KIND OF BANK ACCOUNTS AND STUFF, HE HAD ME DO</p> <p>10 IT.</p> <p>11 Q. SO, YOU RAN -- YOU RAN THE FINANCES, THEN, FOR</p> <p>12 INTERNATIONAL BUSINESS SYSTEM?</p> <p>13 A. I HANDLED, I MANAGED -- WHEN YOU SAY HANDLED THE</p> <p>14 FINANCES, I MADE SURE, I BALANCED THE CHECK BOOK.</p> <p>15 Q. YOU MADE THE DEPOSITS?</p> <p>16 A. WELL, THEY WERE MADE OUT OF MY -- WELL, FOR</p> <p>17 INTERNATIONAL BUSINESS SYSTEMS, 99 PERCENT OF THOSE</p> <p>18 WERE MADE AUTOMATICALLY BECAUSE IT WAS A MERCHANT</p> <p>19 ACCOUNT. YOU KNOW, IT WAS DIRECT DEPOSITED. BUT</p> <p>20 BOTH HE AND I WOULD MAKE DEPOSITS, AND HE WOULD, HE</p> <p>21 ALSO GOT TO THE POINT WHERE HE WOULD MAKE</p> <p>22 WITHDRAWALS.</p> <p>23 Q. HOW WERE THE PRODUCTS THAT EITHER FREEDOM TRUST</p> <p>24 GROUP OR AWARE GROUP PROVIDED, HOW WERE THOSE</p> <p>25 DISSEMINATED? HOW WERE THOSE GIVEN OUT?</p>

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<p>1 A. PEOPLE WOULD ORDER THEM BY THE MAIL OR ONLINE AND 2 THEY WERE SHIPPED. WELL, THEY HAD -- THERE WAS A 3 MAILBOXES AT THE U.P.S. STORE ON EAST NORTH STREET, 4 AND THEY WERE JUST PACKAGED AND SHIPPED OUT TO 5 PEOPLE ALL OVER THE COUNTRY. 6 Q. AND WHO WOULD DO THAT? 7 A. HE OR I. 8 Q. AND WHAT KIND OF MATERIALS WOULD BE SHIPPED OUT? 9 A. AUDIO TAPES, VIDEO TAPES, WRITTEN MATERIAL, CD-ROMS. 10 I THINK AT THE END THERE WAS A DVD, BUT YOU KNOW. 11 Q. WHAT KIND OF -- WELL, LET'S START WITH PERHAPS LIKE 12 THE CDs. 13 A. OKAY. 14 Q. WHAT KIND OF CDs WOULD BE MAILED OUT? WHAT, I MEAN, 15 DO YOU HAVE A TITLE? 16 A. OH, THE -- OKAY, THERE WAS THE FREEDOM FILES. 17 Q. MM-HMM (AFFIRMATIVE RESPONSE). 18 A. OKAY. THAT WAS WHAT PEOPLE GOT WITH AWARE GROUP 19 MEMBERSHIP, AND IT WAS THE WHOLE BUNCH OF DIFFERENT 20 INFORMATION THAT HE GOT TOGETHER AND WAS PUT ON THE 21 CD REGARDING VARIOUS SUBJECTS THAT HE BELIEVED IN. 22 Q. SUCH AS? 23 A. WRIT OF HABEAS CORPUS, HOW TO WRITE TRUSTS, GOING 24 BACK TO THE TRUST ISSUE. THE U.S. CODE, TITLE 42. 25 BASICALLY, CIVIL RIGHTS SORT OF THINGS, PROTECTING</p>	<p>1 AND UTILIZING A U.C.C. ONE, YOU COULD GET BACK 2 CONTROL OVER YOUR BIRTH CERTIFICATE. 3 Q. AND WHAT WERE THE ADVANTAGES IN DOING THAT? 4 A. I DON'T KNOW. IT WAS SUPPOSEDLY TO, THAT PEOPLE 5 COULD DO THIS AND THEN THEY WOULD BE A REAL PERSON 6 -- WAIT, PERSON WAS A BAD WORD. THEY COULD BE A 7 HUMAN. I DON'T, LIKE I SAID, FIRST OF ALL, THIS HAS 8 BEEN MANY, MANY YEARS AGO. WELL, NOT MANY, MANY, 9 BUT A DECADE. OKAY? AND FROM WHAT I RECALL AND 10 STUFF, IT WAS A BELIEF THAT THIS WOULD PUT YOU OUT 11 OF ONE JURISDICTION AND BACK INTO THE NATURAL WORLD 12 OR ORDER OR I DON'T KNOW. I REALLY DON'T. I DON'T 13 REMEMBER THE PARTICULARS OF IT. ALL I DID WAS TYPE 14 UP WHAT I WAS TOLD TO TYPE UP. 15 Q. DID YOU AND MR. ALEXANDER EVER CONDUCT ANY SEMINARS? 16 A. YES. 17 Q. CAN YOU -- HOW MANY SEMINARS? 18 A. OH, LET ME THINK. THERE WAS ONE IN OREGON, ONE IN 19 PENNSYLVANIA, ONE IN FLORIDA. ONE IN, I THINK HERE 20 IN GREENVILLE. I'M THINKING. THAT'S ALL I CAN 21 RECALL OFF THE TOP OF MY HEAD. 22 Q. SO, AT LEAST FOUR SEMINARS? 23 A. AT LEAST. 24 Q. AND MAYBE MORE? 25 A. MAYBE.</p>
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<p>1 YOUR CIVIL RIGHTS IF THEY'VE BEEN VIOLATED, THINGS 2 ALONG THAT NATURE. WHAT SOME PEOPLE WOULD CALL, 3 WELL, FOR A WHILE, THEY CALLED PATRIOT ARGUMENTS OR 4 PATRIOT -- HE WAS HEAVILY INTO THE PATRIOT MOVEMENT 5 OR WHATEVER THEY CALLED IT AT THAT TIME, IN THE 6 '90s, AT LEAST THAT'S WHAT I CALL, I HAVE NO IDEA 7 WHAT THEY CALL IT NOW. 8 Q. WAS PART OF THE FREEDOM FILES, WAS THERE SOMETHING 9 CALLED THE RELIANCE PACKAGE? 10 A. YES. 11 Q. WHAT WAS THE RELIANCE PACKAGE? 12 A. THE RELIANCE PACKAGE WAS GOING BACK TO THE U.C.C. -- 13 WAIT, NO, I'M MISTAKEN. THAT'S NOT WHAT THAT WAS. 14 WHAT WAS RELIANCE? RELIANCE PACKAGE, IF I RECALL 15 CORRECTLY, WAS LETTERS WRITTEN BY ATTORNEYS, FORMER 16 I.R.S. AGENTS, VARIOUS OTHER PROFESSIONALS STATING 17 THEIR PROFESSIONAL OPINION ON THE U.S. TAX CODE. 18 Q. AS PART OF THE FREEDOM FILES, WAS THERE SOMETHING 19 CALLED THE REDEMPTION PACKAGE? 20 A. YES. THAT WAS THE U.C.C. 21 Q. CAN YOU EXPLAIN THAT? 22 A. IT WAS A BELIEF THAT WHEN SOME, WHEN A U.S., A 23 PERSON IN THE U.S. WAS BORN, THEIR BIRTH CERTIFICATE 24 WAS USED AS A COMMODITY, AND THEREFORE, THEY BECAME 25 CHATTEL PROPERTY AND THROUGH THE REDEMPTION PROCESS</p>	<p>1 Q. WHAT WAS DISCUSSED AT THESE SEMINARS? 2 A. ALL OF THESE ISSUES. THE PATRIOT SUBJECT MATTER, 3 THE REDEMPTION, THE RELIANCE, TRUSTS, WACO. NO, NOT 4 REALLY THAT MUCH. NO, IT WAS JUST THEIR BELIEF THAT 5 THE GOVERNMENT WAS IN THE WRONG. BUT ANYWAY, JUST A 6 WHOLE BUNCH OF CIVIL RIGHTS ISSUES, CIVIL LIBERTY 7 ISSUES. VARIOUS, VARIOUS SUBJECTS. 8 Q. DID THE TOPIC OF THE I.R.S. EVER COME UP? 9 A. OH, YEAH. 10 Q. IN WHAT CONTEXT? 11 A. THAT IT WAS UP TO EACH PERSON TO DETERMINE WHETHER 12 OR NOT THEY WERE LIABLE, AND THAT EACH PERSON, BY 13 LAW, HAD THE RIGHT TO REDUCE, THROUGH WHATEVER LEGAL 14 MEANS AVAILABLE, THEIR OBLIGATION, IF THEY HAD ONE. 15 Q. AND HOW WOULD -- HOW MIGHT THEY GO ABOUT DOING THAT? 16 A. WELL, UTILIZING A TRUST. WELL, AND LET'S SEE. THE 17 TAX ISSUE WAS NOT REALLY AT THE FOREFRONT OF 18 ANYTHING HE DID BECAUSE HIS THING WAS ALWAYS THAT IT 19 WAS HERE'S THE INFORMATION. IT'S UP TO EACH 20 INDIVIDUAL TO DETERMINE WHAT THEY'RE RESPONSIBLE 21 FOR, WHAT THEY'RE LIABLE FOR. IT WAS -- AND SO IT 22 WAS NEVER -- NEVER EVER WAS IT SAID YOU DON'T HAVE 23 TO PAY. OKAY? THAT WAS NEVER, NO TAX FORMS WERE 24 EVER FILLED OUT FOR ANYBODY. IT WAS NEVER SAID YOU 25 ARE NOT LIABLE TO PAY TAXES OR DON'T PAY YOUR TAXES.</p>

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<p style="text-align: right;">Page 18</p> <p>1 NONE OF THAT WAS EVER -- IT WAS, IT WAS ALWAYS, 2 HERE'S INFORMATION. YOU DETERMINE WITH IT WHAT YOU, 3 HOW YOU FEEL IT APPLIES TO YOU. 4 Q. BUT WITH REGARDS TO THE TRUSTS --- 5 A. OKAY. 6 Q. WERE BLANK FORMS PROVIDED? 7 A. WELL, IT WAS TEMPLATES. IT WAS, IT WAS BASICALLY 8 THE BY-LAWS AND INDENTURES OF A TRUST, WHICH WAS 9 PRETTY GENERIC TEXTS, AND THEN THE PEOPLE WOULD GO 10 IN AND THEY WOULD NAME THE TRUSTS AND SET UP THE 11 TRUSTEES AND THE BENEFICIARIES AND ALL OF THOSE 12 PARTS OF IT. 13 Q. AND WITH THE REDEMPTION MANUAL --- 14 A. MM-HMM (AFFIRMATIVE RESPONSE). 15 Q. WERE BLANK FORMS PROVIDED IN CONNECTION WITH --- 16 A. YEAH, TEMPLATES. 17 Q. --- THOSE MATERIALS? 18 A. YES. 19 Q. ALONG WITH THE RELIANCE MANUAL, WERE BLANK FORMS 20 PROVIDED? 21 A. WELL, THOSE, NOW THOSE IN RELIANCE, FROM WHAT I 22 RECALL, IT WAS SAMPLES OF LETTERS AND THEN IT WAS 23 CONTACT INFORMATION ON HOW TO CONTACT WHO WROTE 24 THESE LETTERS TO GET THE LETTERS YOURSELF BECAUSE 25 THEY WEREN'T ANY GOOD UNLESS THEY WERE PERSONALIZED</p>	<p style="text-align: right;">Page 20</p> <p>1 YOU, WHICH I THINK IS WHAT YOU'RE TRYING TO ASK ME, 2 CORRECT? 3 Q. CORRECT. 4 A. OKAY. IS THAT THESE LETTERS COULD BE USED AS A FORM 5 OF DEFENSE ON DEFENDING WHERE YOU STOOD AND WHERE 6 YOU THOUGHT YOU WERE LIABLE OR NOT LIABLE FOR 7 CERTAIN TAXES. 8 Q. WOULD MR. ALEXANDER CHARGE MONEY TO ATTEND THESE 9 SEMINARS? 10 A. YES. 11 Q. AND WAS IT --- 12 A. I'M ALMOST POSITIVE. I'M ALMOST 100 PERCENT 13 POSITIVE. I'M TRYING TO THINK BACK. 14 Q. AND WAS THERE A CHARGE TO GET THE CD OF THE FREEDOM 15 FILES? 16 A. NO, THE FREEDOM FILES CAME WITH MEMBERSHIP TO THE 17 AWARE GROUP. YOU WERE PURCHASING MEMBERSHIP AND 18 WITH MEMBERSHIP, YOU GOT A BUNCH OF INFORMATION. 19 Q. HOW MUCH DID MEMBERSHIP COST? 20 A. IT CHANGED WITH TIME. I'M THINKING, THE LAST I 21 REMEMBER WAS 240 OR 295, AND IT WAS LIFETIME. THERE 22 WAS NO DUES. THERE WAS NO NOTHING. IT WAS A ONE- 23 TIME, BUT I COULD BE WRONG BECAUSE I --- 24 Q. WERE THERE ANY OTHER MATERIALS THAT EITHER AWARE 25 GROUP OR FREEDOM TRUST SOLD?</p>
<p style="text-align: right;">Page 19</p> <p>1 TO YOU. 2 Q. WHAT DO YOU MEAN THEY WEREN'T ANY GOOD? 3 A. WELL, THESE WERE JUST SAMPLES. THESE, IT'S LIKE, 4 LIKE IF, LIKE IF YOU HAD AN ATTORNEY THAT YOU 5 PERSONALLY WENT TO AND SAID I NEED A PROFESSIONAL 6 OPINION LETTER AND THEY WROTE A LETTER TO, ADDRESSED 7 TO YOU, OKAY? THAT'S YOUR, THEIR LETTER TO YOU. 8 OKAY? THIS WAS LETTERS ATTORNEYS OR OTHER 9 PROFESSIONALS HAD WRITTEN TO OTHER PEOPLE WITH THOSE 10 NAMES REDACTED. SO, THESE WERE, THESE WERE JUST 11 EXAMPLES OF LETTERS, BUT IF YOU WANTED LETTERS 12 ADDRESSED TO YOU, THEN YOU WOULD NEED TO CONTACT 13 THESE PEOPLE TO GET THEM. YOU SEE? 14 Q. WHEN YOU SAY THEY WOULDN'T BE GOOD FOR SOMETHING, 15 WHAT DO YOU --- 16 A. WELL, I MEAN THEY WOULD HAVE NO PERTINENCE. THEY 17 WOULD, IT WOULD BE LIKE IF I CAME TO YOU AND SAID, 18 HEY, I GOT A LETTER FROM JOE AND JOE SAID WE'RE 19 GOING TO PARTY ON THE 4TH, WELL, THAT DOESN'T APPLY 20 TO YOU. SO, YOU WOULD NEED TO GET A LETTER FROM JOE 21 SAYING HEY, WE'RE GOING TO GO PARTY ON THE 4TH FOR 22 YOU TO BE INVITED TO THE PARTY. I MEAN, I DON'T, I 23 DON'T, MY POINT BEING IS THAT THEY WERE OF NO 24 CONSEQUENCE, AND WHAT CONSEQUENCE THEY WOULD HAVE IF 25 THEY WERE DIRECTED TO YOU, IF THEY WERE ADDRESSED TO</p>	<p style="text-align: right;">Page 21</p> <p>1 A. WELL, THERE WERE AUDIOS FROM THE SEMINARS. THEY 2 WERE RECORDED. THERE WERE VIDEOS THAT HE GOT FROM 3 OTHER SOURCES. ALEX'S MAIN THING, THE ONE THING HE 4 ALWAYS SAYS TO ME, SAID TO ME WAS A WISE MAN COPIES 5 AND A FOOL CREATES, AND SO HE WOULD GLEAN 6 INFORMATION FROM VARIOUS OTHER SOURCES AND COMPOUND 7 IT INTO ONE, BUT IT WAS VERY RARE THAT HE CREATED 8 SOMETHING FROM SCRATCH. THAT MAKE SENSE? 9 Q. MM-HMM (AFFIRMATIVE RESPONSE). DID HE EVER CREATE 10 ANY MATERIALS BY SCRATCH THOUGH? 11 A. WITH JUST WHATEVER -- WELL, OKAY, LIKE THE AUDIO 12 TAPES FROM THE SEMINARS WOULD BE HIM TALKING, SO YOU 13 COULD SAY HE CREATED, YOU KNOW, THOSE AUDIO TAPES, 14 BUT THE MATERIAL HE WAS DISCUSSING, NONE OF -- NONE 15 OF THE MATERIAL HE WENT OVER ORIGINATED WITH HIM. 16 Q. HOW WERE RECORDS MAINTAINED AT THE AWARE GROUP OR 17 THE FREEDOM TRUST GROUP? 18 A. THERE WAS A DATABASE, INTELLIMAGIC, OF YOU KNOW, WHO 19 JOINED, AND THERE WAS A NOTE PAD THAT YOU COULD 20 BRING UP AND IT, WHERE WE'D WRITE, YOU KNOW, YOU 21 DATE STAMP IT AND GO, OKAY, ON THIS DATE, RECEIVED 22 SUCH AND SUCH OR WHATEVER AND STUFF, BUT IT WAS NO 23 DETAILED, YOU KNOW, LIKE OH, I HAD A CONVERSATION 24 WITH SO AND SO TODAY AND THIS WAS DISCUSSED. 25 NOTHING LIKE THAT WAS EVER KEPT.</p>

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<p style="text-align: right;">Page 22</p> <p>1 Q. WHO HAD ACCESS TO THAT?</p> <p>2 A. HE AND I.</p> <p>3 Q. AND WHO MAINTAINED IT?</p> <p>4 A. HE AND I.</p> <p>5 Q. AND HOW, I MEAN, HOW ARE ENTRIES ENTERED?</p> <p>6 A. SAT AT THE KEYBOARD AND ENTERED THEM. I MEAN, HE</p> <p>7 AND I. YEAH.</p> <p>8 Q. DAILY? WEEKLY? MONTHLY?</p> <p>9 A. DAILY.</p> <p>10 Q. WERE THOSE THE ONLY SORTS OF RECORDS THAT WERE KEPT</p> <p>11 AT, BY THE ---</p> <p>12 A. WELL, THERE WAS -- NOW, WHEN PEOPLE BECAME AWARE</p> <p>13 GROUP MEMBERS, THEY HAD TO FILL OUT A MEMBERSHIP</p> <p>14 FORM AND THEY WOULD SEND THAT IN. THOSE WERE KEPT.</p> <p>15 Q. DO YOU KNOW WHERE THOSE MIGHT BE NOW?</p> <p>16 A. THEY'RE DESTROYED. THEY'RE A PART OF EVERYTHING.</p> <p>17 LIKE I PUT IN THE STATEMENT THAT I PROVIDED WAS</p> <p>18 Y'ALL HAD ASKED FOR ALL THIS INFORMATION AND WHEN --</p> <p>19 WHEN MY CIVIL CASE ENDED WITH THE INTERNAL REVENUE</p> <p>20 SERVICE AND THE GOVERNMENT AND STUFF, FIRST OF ALL,</p> <p>21 WHEN IT WAS ONGOING, I PROVIDED THEM WITH COPIES OF</p> <p>22 EVERYTHING. I PROVIDED THE I.R.S. WITH COPIES OF</p> <p>23 EVERYTHING I HAD, EVERY AUDIO SERIES, EVERY VIDEO</p> <p>24 SERIES, EVERY CD, ALL THE DATABASE, EVERYTHING.</p> <p>25 OKAY?</p>	<p style="text-align: right;">Page 24</p> <p>1 BY MS. SALVINI:</p> <p>2 OKAY.</p> <p>3 (OFF THE RECORD 9:58 A.M. - 10:03 A.M.)</p> <p>4 EXAMINATION RESUMED BY MR. STRONG:</p> <p>5 Q. OKAY. WE'RE BACK ON THE RECORD. CAN YOU REMIND US</p> <p>6 WHERE WE LEFT OFF?</p> <p>7 BY THE COURT REPORTER:</p> <p>8 YOU ASKED WHAT CIVIL CASE WAS SHE REFERRING TO.</p> <p>9 EXAMINATION RESUMED BY MR. STRONG:</p> <p>10 Q. OKAY.</p> <p>11 A. WHEN I WAS CONTACTED BY THE I.R.S. SAYING THAT THEY</p> <p>12 WERE LOOKING AT PURSUING ME CRIMINALLY AND/OR</p> <p>13 CIVILLY OR WHATEVER, I DON'T REMEMBER, FOR THE</p> <p>14 ACTIVITIES DONE WHILE I WAS WITH HIM AND WITH THE</p> <p>15 AWARE GROUP. THAT'S WHAT I'M REFERRING TO.</p> <p>16 Q. WAS THAT BACK IN ABOUT 2006?</p> <p>17 A. YEAH. SOMEWHERE AROUND IN THERE. LET ME SEE. IT</p> <p>18 WAS BEFORE THEN. MY CONTACT JUST ABOUT POPPED OUT</p> <p>19 BECAUSE I SIGNED A VITAL, AN AFFIDAVIT ON FEBRUARY</p> <p>20 OF '06, I THINK. WELL, HERE'S -- YEAH, IT WAS IN</p> <p>21 '05. IT STARTED SOMETIME IN '05.</p> <p>22 Q. AND YOU'RE LOOKING AT A LETTER FROM THE I.R.S.</p> <p>23 THERE?</p> <p>24 A. YEAH, FROM THE DEPARTMENT OF TREASURY.</p> <p>25 BY MS. SALVINI:</p>
<p style="text-align: right;">Page 23</p> <p>1 BY MS. SALVINI:</p> <p>2 I'M SORRY. I MISSED THAT. COULD YOU REPEAT</p> <p>3 WHAT YOU SAID? YOU PROVIDED ALL THIS? I'M SORRY.</p> <p>4 BY THE WITNESS:</p> <p>5 YES, YES.</p> <p>6 BY MR. STRONG:</p> <p>7 I'LL ASK HER IN FOLLOW UP TO CLARIFY WHERE WE</p> <p>8 ARE.</p> <p>9 BY MS. SALVINI:</p> <p>10 OKAY.</p> <p>11 BY THE WITNESS:</p> <p>12 OKAY.</p> <p>13 BY MR. STRONG:</p> <p>14 GO AHEAD AND FINISH.</p> <p>15 BY THE WITNESS:</p> <p>16 ALL RIGHT. SO, WHEN MY CIVIL CASE WAS DONE AND</p> <p>17 THEY SAID, OKAY, YOU SIGN THIS AFFIDAVIT AND WE'RE</p> <p>18 DONE AND STUFF, EVERYTHING I HAD EXCEPT FOR</p> <p>19 FINANCIAL RECORDS FOR TAX PURPOSES, I STILL HAVE ALL</p> <p>20 THAT, BUT EVERYTHING ELSE, I CHUCKED IN A BIG OLD</p> <p>21 BARREL AND HAD A BONFIRE BECAUSE ALL I WANTED TO DO</p> <p>22 WAS PUT THIS MESS, THIS NIGHTMARE BEHIND ME.</p> <p>23 EXAMINATION RESUMED BY MR. STRONG:</p> <p>24 Q. WHAT CIVIL CASE ARE YOU REFERRING TO? DO YOU NEED A</p> <p>25 -- DO YOU WANT TO TAKE A BREAK? LET'S TAKE A BREAK.</p>	<p style="text-align: right;">Page 25</p> <p>1 CAN WE GO OFF THE RECORD FOR A MOMENT?</p> <p>2 BY MR. STRONG:</p> <p>3 SURE.</p> <p>4 (OFF THE RECORD 10:03 A.M. - 10:04 A.M.)</p> <p>5 EXAMINATION RESUMED BY MR. STRONG:</p> <p>6 Q. ALL RIGHT. WE'RE BACK ON THE RECORD. OKAY. WE</p> <p>7 WERE DISCUSSING -- WE WERE DISCUSSING YOUR CIVIL</p> <p>8 SUIT.</p> <p>9 A. RIGHT.</p> <p>10 Q. BACK ABOUT THREE YEARS AGO.</p> <p>11 A. YEAH. FOUR. FOUR OR FIVE, ACTUALLY, BECAUSE THIS</p> <p>12 IS '09, SO '05, AT LEAST.</p> <p>13 Q. OKAY.</p> <p>14 A. SO, AT LEAST FOUR YEARS AGO.</p> <p>15 Q. AND WHAT WAS THE END RESULT OF THAT?</p> <p>16 A. THE END RESULT OF THAT WAS THAT THEY ASKED ME TO</p> <p>17 FILE THE TAXES FROM WHEN I LEFT ALEX WHICH WAS 2003</p> <p>18 TO 2000 AND WHATEVER, AND SIGN AN AFFIDAVIT, WHICH</p> <p>19 YOU HAVE A COPY OF, STATING THAT I GAVE FALSE</p> <p>20 INFORMATION TO CLIENTS LEADING THEM TO BELIEVE THERE</p> <p>21 WAS NO REQUIREMENT TO FILE FEDERAL INCOME TAXES ON</p> <p>22 EARNINGS AND STUFF. AND THEY PROCEEDED TO SCREW ME</p> <p>23 OVER, BECAUSE I WAS TOLD DIRECTLY BY THE ATTORNEY</p> <p>24 FROM THE GOVERNMENT AND FROM THE I.R.S. AGENT THAT</p> <p>25 IF I HELPED THEM, IF I PROVIDED WHAT THEY ASKED FOR,</p>

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<p style="text-align: right;">Page 26</p> <p>1 THEY WOULDN'T SEEK ANY CIVIL PENALTIES, BUT THEY</p> <p>2 DID. LIKE TO THE TERM OF A QUARTER OF A MILLION</p> <p>3 DOLLARS. I JUST LOST MY HOME IN FORECLOSURE. WHERE</p> <p>4 DO I GET \$250,000? ESPECIALLY WHEN YOU COUNT</p> <p>5 EVERYTHING ---</p> <p>6 Q. ALL RIGHT. LET'S TAKE ANOTHER BREAK.</p> <p>7 A. I'M SORRY.</p> <p>8 Q. NO, THAT'S ---</p> <p>9 BY MS. SALVINI:</p> <p>10 IT'S OKAY.</p> <p>11 (OFF THE RECORD 10:06 A.M. - 10:07 A.M.)</p> <p>12 EXAMINATION RESUMED BY MR. STRONG:</p> <p>13 Q. I'M GOING TO SHOW YOU WHAT I'LL HAVE THE COURT</p> <p>14 REPORTER MARK AS PLAINTIFF'S EXHIBIT ONE.</p> <p>15 (COURT REPORTER MARKS PLAINTIFFS EXHIBIT ONE, AFFIDAVIT</p> <p>16 ATTACHED.)</p> <p>17 EXAMINATION RESUMED BY MR. STRONG:</p> <p>18 Q. A COPY HAS ALREADY BEEN PROVIDED TO MS. SALVINI.</p> <p>19 A. YES.</p> <p>20 Q. YOU WERE TALKING JUST A MOMENT AGO ABOUT AN</p> <p>21 AFFIDAVIT THAT YOU PROVIDED TO THE I.R.S.</p> <p>22 A. YES.</p> <p>23 Q. TAKE A MOMENT AND LOOK AT THAT.</p> <p>24 A. YES.</p> <p>25 Q. IS THAT YOUR SIGNATURE ON THE BOTTOM?</p>	<p style="text-align: right;">Page 28</p> <p>1 EXAMINATION RESUMED BY MR. STRONG:</p> <p>2 Q. I'M HANDING A COPY OF THIS TO MS. SALVINI. TAKE A</p> <p>3 MOMENT AND LOOK THIS OVER. IT'S A LITTLE BIT OF A</p> <p>4 LONG DOCUMENT, AND JUST LOOK UP WHEN YOU'RE READY.</p> <p>5 A. OKAY.</p> <p>6 Q. DO YOU RECOGNIZE THIS DOCUMENT?</p> <p>7 A. WELL, I RECOGNIZE SOME OF THE NAMES ON THESE.</p> <p>8 Q. WHAT DO YOU MEAN WHEN YOU SAY YOU RECOGNIZE SOME OF</p> <p>9 THE NAMES?</p> <p>10 A. THAT THESE WERE CLIENTS OR MEMBERS OF THE AWARE</p> <p>11 GROUP OR OTHER ORGANIZATIONS THAT, YOU KNOW, WHICH</p> <p>12 WE ARE DISCUSSING TODAY.</p> <p>13 Q. AND IS THIS SIMILAR TO THE DATABASE THAT YOU WOULD</p> <p>14 HAVE CREATED FOR THE AWARE GROUP?</p> <p>15 A. WELL, IT'S THE NAME AND ADDRESSES, YEAH.</p> <p>16 Q. AND WHAT -- DO THE NUMBERS TO THE RIGHT HAND SIDE</p> <p>17 HAVE ANY SIGNIFICANCE TO YOU?</p> <p>18 A. I HAVE NO IDEA WHAT THAT IS. I DID NOT DO THAT. I</p> <p>19 DON'T KNOW WHAT IT MEANS. LIKE I SAID, I PROVIDED</p> <p>20 THEM A CD-ROM. I DIDN'T PROVIDE THEM ANYTHING IN</p> <p>21 WRITING THAT I CAN RECALL.</p> <p>22 Q. WHAT KIND OF PROGRAM WOULD YOU HAVE USED TO CREATE</p> <p>23 YOUR DATABASE?</p> <p>24 A. IT WAS IN A PROGRAM CALLED TELEMAGIC. THE FORMAT</p> <p>25 WAS FOXPRO. THAT WAS THE ACTUAL DATABASE EXTENSION</p>
<p style="text-align: right;">Page 27</p> <p>1 A. YES, IT IS.</p> <p>2 Q. DO YOU RECOGNIZE THIS DOCUMENT?</p> <p>3 A. YES, I DO.</p> <p>4 Q. WHAT DO YOU RECOGNIZE IT AS?</p> <p>5 A. THE AFFIDAVIT THAT THE GOVERNMENT DREW UP THAT THEY</p> <p>6 ASKED ME TO SIGN TO CLOSE MY CASE.</p> <p>7 Q. AND YOU'VE READ THIS MATERIAL BEFORE?</p> <p>8 A. YES.</p> <p>9 Q. AND TO THE BEST OF YOUR KNOWLEDGE, ARE THE</p> <p>10 STATEMENTS MADE THEREIN STILL ACCURATE?</p> <p>11 A. SURE.</p> <p>12 Q. DO YOU WANT TO TAKE A MINUTE AND ---</p> <p>13 A. NO.</p> <p>14 Q. WHEN THE I.R.S. CONTACTED YOU, DID THEY ASK YOU TO</p> <p>15 PROVIDE INFORMATION ABOUT THE CUSTOMERS OF THE AWARE</p> <p>16 GROUP?</p> <p>17 A. YES.</p> <p>18 Q. DID YOU PROVIDE THAT INFORMATION TO THEM?</p> <p>19 A. YES.</p> <p>20 Q. IN WHAT FORMAT?</p> <p>21 A. A CD-ROM WITH THE DATABASE ON IT.</p> <p>22 Q. I'M GOING TO HAND YOU NOW WHAT I'M GOING TO ASK THE</p> <p>23 COURT REPORTER TO MARK AS PLAINTIFF'S EXHIBIT TWO.</p> <p>24 (COURT REPORTER MARKS PLAINTIFF'S EXHIBIT TWO, CLIENT</p> <p>25 LIST, ATTACHED.)</p>	<p style="text-align: right;">Page 29</p> <p>1 WAS FOXPRO, BUT TELEMAGIC IS THE BRAND THE PROGRAM</p> <p>2 USED.</p> <p>3 Q. AND WERE YOU RESPONSIBLE FOR MAINTAINING THAT</p> <p>4 DATABASE?</p> <p>5 A. WE BOTH WERE.</p> <p>6 Q. OKAY. WHO DID THE DATA ENTRY PRIMARILY?</p> <p>7 A. ME.</p> <p>8 Q. WHEN YOU WERE TALKING WITH THE I.R.S., DID THEY ASK</p> <p>9 YOU TO TRY TO ASSIGN CUSTOMERS TO YOURSELF OR MR.</p> <p>10 ALEXANDER?</p> <p>11 A. NOT THAT I -- WELL, YOU MEAN FROM WHEN WE WERE</p> <p>12 TOGETHER TO WHEN WE WERE APART? BECAUSE I DON'T</p> <p>13 REMEMBER. I DON'T -- I DON'T, I DON'T HAVE A CLUE.</p> <p>14 THEY COULD HAVE, BUT I DON'T REMEMBER THEM ASKING ME</p> <p>15 THAT.</p> <p>16 Q. DID THEY ---</p> <p>17 A. EXCEPT, I DON'T KNOW. I DON'T KNOW. I DON'T KNOW.</p> <p>18 Q. DID YOU CONTINUE TO HAVE CUSTOMERS AFTER YOU AND MR.</p> <p>19 ALEXANDER DIVORCED?</p> <p>20 A. YES, WE, BECAUSE I HANDLED THE DAY TO DAY OPERATIONS</p> <p>21 -- WHEN I SAY OPERATIONS, LET ME CLARIFY, OKAY?</p> <p>22 EVERYTHING THAT WAS DONE WITH ANY OF THESE</p> <p>23 ORGANIZATIONS WAS DONE BECAUSE THAT'S WHAT HE WANTED</p> <p>24 AND WHAT HE SAID TO DO. WHEN I SAY I HANDLED THE</p> <p>25 DAY TO DAY OPERATIONS, I MEAN LIKE AN ADMINISTRATIVE</p>

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<p>1 ASSISTANT, YOU KNOW. I ORGANIZED EVERYTHING AND</p> <p>2 WHEN I LEFT ALEX, FOR A WHILE, WE TRIED WORKING</p> <p>3 TOGETHER, BUT OF COURSE IN THAT SITUATION, IT DIDN'T</p> <p>4 WORK BECAUSE HE HAD NO IDEA. HE HAD NO IDEA HOW I</p> <p>5 RAN THE DAY TO DAY OPERATIONS OF IT AND SO,</p> <p>6 THEREFORE, I GAVE HIM THE OPTION. FOR A WHILE, LIKE</p> <p>7 I SAID, I WORKED FOR HIM AND HE PAID ME TO WORK FOR</p> <p>8 HIM. OKAY? AND THEN, I GAVE HIM A CHOICE BECAUSE I</p> <p>9 WAS IN A SITUATION WHERE, YOU KNOW, I HAD A DAUGHTER</p> <p>10 TO PROVIDE FOR, AND THIS IS ALL I HAD KNOWN FOR</p> <p>11 EIGHT YEARS, SO I SAID, YOU KNOW, EITHER YOU, AS</p> <p>12 PART OF THE DIVORCE, YOU CAN EITHER GIVE ME A CASH</p> <p>13 SETTLEMENT OR YOU CAN GIVE ME THE AWARE GROUP</p> <p>14 BECAUSE I KNEW HOW TO, HOW TO RUN IT. YOU KNOW, THE</p> <p>15 ACTUAL DAY TO DAY OPERATIONS OF IT, BUT NOT THE</p> <p>16 INFORMATION. THE INFORMATION NEVER CHANGED BECAUSE</p> <p>17 YOU'VE GOT TO UNDERSTAND THAT HE SPENT HIS DAYS</p> <p>18 READING AND RESEARCHING AND GOING OVER MATERIALS AND</p> <p>19 DECIDING WHAT WAS NEXT.</p> <p>20 Q. AND WHAT DID YOUR DAY LOOK LIKE?</p> <p>21 A. SITTING IN FRONT OF THE COMPUTER ENTERING, ENTERING</p> <p>22 STUFF. ANSWERING EMAILS. PROCESSING ORDERS. YOU</p> <p>23 KNOW, THE OPERATIONS SIDE OF IT.</p> <p>24 Q. AND THE DATABASE THAT YOU REFERRED TO WAS ALSO, WAS</p> <p>25 THAT ALSO DESTROYED IN THE BONFIRE THAT YOU ---</p>	<p>1 SOFTWARE CALLED THE MONEY TRUST, AND IT WAS, THAT</p> <p>2 WAS ALL THAT I'M AWARE OF.</p> <p>3 BY MS. SALVINI:</p> <p>4 JAMES, CAN WE GO OFF THE RECORD FOR A MOMENT?</p> <p>5 (OFF THE RECORD 10:16 A.M. - 10:17 A.M.)</p> <p>6 EXAMINATION RESUMED BY MR. STRONG:</p> <p>7 Q. ABOUT HOW MANY MEMBERS JOINED THE AWARE GROUP IN AN</p> <p>8 AVERAGE MONTH?</p> <p>9 A. I WOULD SAY FIVE TO TEN. YEAH. ABOUT FIVE TO TEN.</p> <p>10 SOMETIMES MORE, SOMETIMES LESS. I MEAN, I DON'T, I</p> <p>11 ---</p> <p>12 Q. WOULD ANYTHING AFFECT MORE OR LESS?</p> <p>13 A. OH, YEAH. LIKE, IF WE HAD A SEMINAR, YOU KNOW,</p> <p>14 THERE WOULD BE AN INFLUX. PEOPLE WOULD JOIN AT THE</p> <p>15 SEMINAR OR THEY WOULD JOIN AFTER THE SEMINAR OR IF</p> <p>16 HE DID ANY KIND OF PROMOTIONS.</p> <p>17 Q. WHAT KIND OF PROMOTIONS MIGHT HE DO?</p> <p>18 A. THERE WERE SOME DIRECT MAIL PIECES BECAUSE NOT</p> <p>19 EVERYONE ON THE DATABASE WAS A MEMBER. OKAY? THERE</p> <p>20 WAS JUST PEOPLE WHO HAD JOINED THE EMAIL LIST OR</p> <p>21 REQUESTED A CATALOG OR SOMETHING BECAUSE BEFORE THE</p> <p>22 INTERNET GOT REAL BIG, YOU KNOW, AND STUFF,</p> <p>23 EVERYTHING WAS IN THE MAIL. YOU KNOW?</p> <p>24 Q. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>25 A. AND STUFF, SO THERE WAS AN ACTUAL HARD CATALOG OF</p>
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<p>1 A. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>2 Q. --- HAD REFERRED TO EARLIER?</p> <p>3 A. MM-HMM (AFFIRMATIVE RESPONSE). OH, YEAH. I HAD NO</p> <p>4 USE FOR IT.</p> <p>5 Q. ARE YOU AWARE IF THERE WOULD BE ANY DUPLICATES OF</p> <p>6 THOSE RECORDS OR DID YOU HAVE THE ---</p> <p>7 A. Y'ALL -- THE I.R.S. SHOULD HAVE A COPY OF IT.</p> <p>8 Q. BUT NOBODY OUTSIDE THE GOVERNMENT SHOULD?</p> <p>9 A. WELL, ALEX HAD A COPY OF IT BECAUSE PART OF THE</p> <p>10 AGREEMENT WAS, IS I WAS TO KEEP HIM UPDATED ON THE</p> <p>11 DATABASE, NOW, UP UNTIL THE POINT WHERE AWARE</p> <p>12 CEASED. LET ME SAY THAT. OKAY? HE HAD LIKE ALL</p> <p>13 THESE PEOPLE. HE HAD IT BECAUSE HE HAD TELEMAGIC,</p> <p>14 TOO. YOU KNOW, SO, HE HAD ALL OF THIS, AND I WAS TO</p> <p>15 -- PART OF OUR AGREEMENT WAS EVERY MONTH I WAS TO</p> <p>16 PROVIDE HIM WITH ANY NEW ADDRESSES, YOU KNOW, NEW</p> <p>17 PEOPLE SO HE COULD CONTACT WHATEVER IT WAS HE WAS</p> <p>18 DOING. THIS IS AFTER WE DIVORCED OR AFTER WE</p> <p>19 SEPARATED.</p> <p>20 Q. WHAT WAS HE DOING AFTER THE DIVORCE?</p> <p>21 A. WELL, HE GOT FREEDOM TRUST GROUP. I HAD, I DIDN'T</p> <p>22 HAVE ANYTHING TO DO WITH TRUSTS WHEN I TOOK OVER</p> <p>23 AWARE. HE WAS DOING THAT, AND TO BE HONEST WITH</p> <p>24 YOU, I DON'T KNOW WHAT ELSE HE WAS DOING. HE HAD --</p> <p>25 HE TOOK THE TRUSTS AND PUT THEM IN ANOTHER FORMAT, A</p>	<p>1 VIDEOS AND AUDIOS AND WHATNOT AND STUFF, AND PEOPLE</p> <p>2 WOULD REQUEST THOSE, AND THEN AFTER WE GOT A WEBSITE</p> <p>3 AND STUFF, EVERYTHING WAS ONLINE, SO THEY WOULD JOIN</p> <p>4 THE EMAIL LIST AND THERE WAS AN E-ZINE OR LITTLE</p> <p>5 NEWSLETTER THAT WAS PUT OUT AND STUFF. AND SO HE</p> <p>6 WOULD GET NAMES AND ADDRESSES THROUGH THAT AND THEY</p> <p>7 MAY JOIN LATER AND WHATEVER.</p> <p>8 Q. DID YOU FOLKS MAINTAIN SEPARATE DATABASES ABOUT,</p> <p>9 BETWEEN PEOPLE WHO WERE JUST ON THE EMAIL LIST AND</p> <p>10 FOLKS WHO WERE MEMBERS?</p> <p>11 A. WELL, IT WAS ALL IN ONE DATABASE, BUT YOU HAD THE</p> <p>12 ABILITY IN TELEMAGIC TO FILTER IT. YOU KNOW, SO I</p> <p>13 COULD PUT IN A CERTAIN COLUMN THAT THEY WERE MEMBERS</p> <p>14 OR I COULD PUT IN A CERTAIN COLUMN THAT THEY WERE ON</p> <p>15 THE EMAIL LIST OR WHAT HAVE YOU.</p> <p>16 Q. AND YOU WOULD HAVE BEEN ABLE TO -- SO YOU, WOULD</p> <p>17 HAVE BEEN ABLE TO CREATE MAYBE A SUB LIST ---</p> <p>18 A. YEAH.</p> <p>19 Q. --- OF JUST CUSTOMERS?</p> <p>20 A. YES.</p> <p>21 Q. AND A SUB LIST OF JUST PEOPLE ON, WHO WERE JUST</p> <p>22 RECEIVING EMAILS?</p> <p>23 A. YES. YES.</p> <p>24 Q. AND WHEN THE I.R.S. CONTACTED YOU ---</p> <p>25 A. MM-HMM (AFFIRMATIVE RESPONSE).</p>

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<p>1 Q. --- ABOUT PROVIDING A LIST, DO YOU REMEMBER WHAT</p> <p>2 SORT OF LIST YOU WOULD HAVE ---</p> <p>3 A. I GAVE THEM EVERYONE.</p> <p>4 Q. YOU GAVE THEM EVERYONE?</p> <p>5 A. EVERYONE.</p> <p>6 Q. DID YOU MAKE ANY DISTINCTIONS FOR THEM BETWEEN ---</p> <p>7 A. I DON'T REMEMBER. I REALLY DON'T. I JUST, I DON'T,</p> <p>8 I DON'T REMEMBER BECAUSE THERE WERE -- WHEN THEY</p> <p>9 BROUGHT UP THE DATABASE, IF THEY BROUGHT IT UP ON CD</p> <p>10 BECAUSE I REALLY DON'T REMEMBER IF I GAVE THEM A</p> <p>11 HARD COPY OR NOT. I KNOW THIS WAS, IF I GAVE THEM A</p> <p>12 HARD COPY, THIS WASN'T IT BECAUSE THERE WOULDN'T</p> <p>13 HAVE, I DON'T KNOW WHAT THAT IS, BUT THERE WERE THE</p> <p>14 ABILITY, YOU HAD THE ABILITY TO PRINT THE NOTES.</p> <p>15 AND SO, THEREFORE, IN THE NOTES YOU COULD HAVE SEEN</p> <p>16 A HISTORY OF WHAT THEY DID EXCEPT TELEMAGIC'S A</p> <p>17 REALLY LOOPY PROGRAM. IT FROZE AND CRASHED ALL THE</p> <p>18 TIME, AND THIS PERSON'S NOTES WOULD END UP IN THAT</p> <p>19 PERSON'S NOTES OR THAT PERSON'S NOTES WOULD BE GONE.</p> <p>20 YOU KNOW, IT'S A WINDOWS PROGRAM, SO YOU KNOW, IT</p> <p>21 DOES THAT SORT OF THING AND STUFF, SO I DON'T REALLY</p> <p>22 REMEMBER OTHER THAN GIVING THEM THE CD WITH ALL</p> <p>23 CONTACTS. I DON'T REMEMBER.</p> <p>24 Q. WOULD THE DATABASE HAVE INCLUDED INFORMATION ABOUT</p> <p>25 WHEN PEOPLE JOINED?</p>	<p>1 THEN FELT IT WAS OKAY FOR HIM TO BE ON THE BANK</p> <p>2 ACCOUNT, SO HE BECAME, HE CAME ON THE BANK ACCOUNT,</p> <p>3 AS WELL. BUT THERE WAS NOTHING REALLY IN THERE.</p> <p>4 Q. AND YOU HAD MENTIONED BEFORE THAT FREEDOM TRUST</p> <p>5 GROUP HAD A BANK ACCOUNT.</p> <p>6 A. YES.</p> <p>7 Q. AND YOU HAD MENTIONED THAT INTERNATIONAL BUSINESS</p> <p>8 SYSTEMS HAD A MERCHANT ACCOUNT?</p> <p>9 A. A MERCHANT ACCOUNT WHERE IT COULD TAKE, WE COULD</p> <p>10 TAKE CREDIT CARD SALES, AND IT HAD AN ACCOUNT AT</p> <p>11 CHARLES SCHWAB.</p> <p>12 Q. WHAT KIND OF ACCOUNT WITH CHARLES SCHWAB?</p> <p>13 A. A BROKERAGE ACCOUNT THAT WAS TREATED LIKE A BANK</p> <p>14 ACCOUNT.</p> <p>15 Q. OKAY. WERE THERE ANY OTHER ACCOUNTS IN ANY OF THE</p> <p>16 VARIOUS GROUPS THAT YOU TWO HAD?</p> <p>17 A. NO. NO, THAT WAS IT.</p> <p>18 Q. OKAY. OTHER THAN THE HOUSE, WERE THERE ANY OTHER</p> <p>19 ASSETS THAT ---</p> <p>20 A. CARS.</p> <p>21 Q. --- YOU TWO SHARED? CARS. NO STOCKS, NO BONDS?</p> <p>22 A. WELL, THERE WERE -- THERE WERE THREE, AT ONE TIME,</p> <p>23 THREE LITTLE STOCKS THROUGH THE SCHWAB ACCOUNT.</p> <p>24 THEY ALL LOST MONEY AND THEY ALL GOT SOLD AND THEY</p> <p>25 WERE ALL MINIMUM AND IT WAS NOTHING, BUT THAT WAS</p>
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<p>1 A. YES. IN THE NOTE PADS, IT WOULD HAVE SAID THAT.</p> <p>2 Q. WOULD YOU HAVE BEEN ABLE TO FILTER BASED ON THAT?</p> <p>3 A. I'M SURE YOU COULD HAVE, BUT I DON'T THINK SO. I</p> <p>4 MEAN, I NEVER DID THAT, SO I DON'T KNOW. I DIDN'T,</p> <p>5 I NEVER PULLED FROM WITHIN THE NOTE PAD TO FILTER.</p> <p>6 Q. BUT THE PROGRAM YOU DID INCLUDE WHAT DAY OR WHAT</p> <p>7 YEAR ---</p> <p>8 A. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>9 Q. WHY DON'T I JUST ASK THE QUESTION HOW? I MEAN,</p> <p>10 WOULD YOU INCLUDE THE DAY, THE YEAR, THE MONTH, I</p> <p>11 MEAN ---</p> <p>12 A. WELL, WHAT IT WAS IS THERE WAS A DATE STAMP. YOU</p> <p>13 COULD HIT DATE STAMP AND IT WOULD PUT THE DATE AND</p> <p>14 THE TIME OF WHAT, AND THEN YOU COULD TYPE OUT</p> <p>15 WHATEVER NOTES YOU WANTED TO PUT IN THERE, AND WE</p> <p>16 WOULD PUT RECEIVED MEMBERSHIP, OR YOU KNOW, ORDERED</p> <p>17 A VIDEO OR WHATEVER, YOU KNOW, THAT'S -- WE WOULD</p> <p>18 DATE IT AND THEN PUT IT IN THERE.</p> <p>19 Q. OKAY. WHEN YOU AND MR. ALEXANDER WERE TOGETHER, DID</p> <p>20 EITHER ONE OF YOU MAINTAIN ANY BANK ACCOUNTS?</p> <p>21 A. OH, YES, I HAD A PERSONAL BANK ACCOUNT I HAD ALWAYS</p> <p>22 HAD.</p> <p>23 Q. WITH WHOM?</p> <p>24 A. WELL, AT THE BEGINNING, IT WAS JUST MINE AND THEN</p> <p>25 WHEN ALEX WENT THROUGH THIS REDEMPTION PROCESS, HE</p>	<p>1 IT. THAT WAS THE ONLY OTHER STOCKS. THERE WAS NO</p> <p>2 SAVINGS ACCOUNTS OR NOTHING.</p> <p>3 Q. NO CDs?</p> <p>4 A. NO.</p> <p>5 Q. NO ---</p> <p>6 A. NOW, HE DID, HE DID AT ONE TIME BUY A CD FOR OUR</p> <p>7 DAUGHTER AND STUFF, BUT IT WAS A ONE YEAR AND THEN</p> <p>8 IT GOT CASHED IN, AND IT WAS LIKE \$500 OR SOMETHING</p> <p>9 LIKE THAT.</p> <p>10 Q. ANY COINS, ANY ---</p> <p>11 A. YES.</p> <p>12 Q. CAN YOU DESCRIBE THOSE?</p> <p>13 A. WELL, ALEX HAS ALWAYS BEEN A COIN COLLECTOR. HE WAS</p> <p>14 A COMMODITIES BROKER IN THE '70s IN CALIFORNIA AND</p> <p>15 STUFF, SO HE COLLECTED COINS.</p> <p>16 Q. WHAT KIND OF COINS?</p> <p>17 A. GOLD AND SILVER, EITHER THE KIND THAT, EITHER,</p> <p>18 EITHER LOOSE, YOU KNOW, JUST LIKE CHANGE KIND OF</p> <p>19 COIN. YOU KNOW WHAT I'M SAYING? OR THOSE THAT ARE</p> <p>20 IN THE SLABS, THE ONES THAT ARE CERTIFIED BY THE</p> <p>21 CERTIFIED COMPANIES. WHATEVER THEY'RE CALLED.</p> <p>22 Q. BUT NOT REGULAR U.S. CURRENCY?</p> <p>23 A. OH, YOU MEAN LIKE DOLLAR BILLS SORT OF THING?</p> <p>24 Q. SILVER DOLLARS.</p> <p>25 A. YEAH, THAT'S WHAT I'M SAYING WHEN I SAY GOLD AND</p>

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<p style="text-align: right;">Page 38</p> <p>1 SILVER COINS. THAT'S WHAT I MEAN.</p> <p>2 Q. OKAY. DID YOU FOLKS PAY THE PROPERTY TAXES ON THE</p> <p>3 HOUSE ON WHITE HORSE ROAD?</p> <p>4 A. YES.</p> <p>5 Q. AND YOU USED THE FUNDS FROM FREEDOM TRUST GROUP TO</p> <p>6 PAY THE PROPERTY TAXES?</p> <p>7 A. I'M ASSUMING, UNLESS -- WELL, LET ME REPHRASE THAT</p> <p>8 BECAUSE I DON'T KNOW IF THE MORTGAGE ON THAT WAS THE</p> <p>9 TYPE WHERE IT HAD THE ESCROW ACCOUNT WHERE IT PAID</p> <p>10 THE TAXES OR NOT. I DON'T REMEMBER WHETHER OR NOT</p> <p>11 WE EVER GOT A TAX BILL. YOU KNOW WHAT I'M SAYING?</p> <p>12 AND SO, SO I DON'T REALLY KNOW WHICH WAY -- I DON'T</p> <p>13 REMEMBER WHICH WAY THOSE WERE PAID.</p> <p>14 Q. DO YOU REMEMBER -- DID THE COUNTY OR THE STATE</p> <p>15 DEPARTMENT OF TRANSPORTATION EVER HAVE ANY INTEREST</p> <p>16 IN THE PROPERTY?</p> <p>17 A. OH, YES. THEY DID. THEY WERE WIDENING WHITE HORSE,</p> <p>18 AND SO, THEY MADE AN OFFER, YOU KNOW, TO TAKE THAT</p> <p>19 PART OF THE EASEMENT OR WHATEVER IT'S CALLED. YES.</p> <p>20 AND THAT WAS USED, THE MONEY THAT WAS USED WAS USED</p> <p>21 TO PAY OFF THE MORTGAGE.</p> <p>22 Q. AND WHO -- WHO WORKED WITH THE FOLKS FROM THE</p> <p>23 DEPARTMENT OF TRANSPORTATION?</p> <p>24 A. OH, THAT WOULD HAVE BEEN ALEX. YEAH.</p> <p>25 Q. THE ADDRESS THAT YOU FOLKS USED, 2435 EAST NORTH</p>	<p style="text-align: right;">Page 40</p> <p>1 I'VE GOT SOME QUESTIONS. DO YOU NEED TO TAKE A</p> <p>2 BREAK OR USE THE REST ROOM?</p> <p>3 BY THE WITNESS:</p> <p>4 I'M FINE.</p> <p>5 BY MS. SALVINI:</p> <p>6 YOU DOING OKAY?</p> <p>7 BY THE WITNESS:</p> <p>8 MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>9 BY MS. SALVINI:</p> <p>10 ALL RIGHT. AND AGAIN, I JUST WANT TO, YOU</p> <p>11 KNOW, SAY AGAIN, IF YOU NEED A BREAK, OR YOU KNOW,</p> <p>12 YOU WANT TO TAKE A BREAK OR USE THE REST ROOM,</p> <p>13 PLEASE GO AHEAD AND DO SO.</p> <p>14 BY THE WITNESS:</p> <p>15 MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>16 EXAMINATION BY MS. SALVINI:</p> <p>17 Q. I'M NOT -- HEATHER, I'M NOT GOING TO TRY TO ASK YOU</p> <p>18 ANY QUESTIONS TO CONFUSE YOU OR TO TRY TO MISLEAD</p> <p>19 YOU. IF I ASK A QUESTION AND YOU'RE NOT SURE WHAT</p> <p>20 IT MEANS ---</p> <p>21 A. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>22 Q. OR YOU DON'T UNDERSTAND IT, PLEASE ASK ME TO CLARIFY</p> <p>23 IT.</p> <p>24 A. I WILL.</p> <p>25 Q. AND MY LAW PARTNER, BRADLEY BENNETT, ACTUALLY</p>
<p style="text-align: right;">Page 39</p> <p>1 STREET ---</p> <p>2 A. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>3 Q. --- WHAT IS THAT?</p> <p>4 A. THAT'S THE U.P.S. STORE THAT THEY HAD A BOX AT. IT</p> <p>5 USED TO BE MAILBOXES, ET CETERA, BUT NOW THEY'RE</p> <p>6 U.P.S. STORES.</p> <p>7 Q. AND WHERE DID -- WHERE DID AWARE GROUP AND FREEDOM</p> <p>8 TRUST GROUP OPERATE OUT OF?</p> <p>9 A. THE HOUSE AT WHITE HORSE ROAD.</p> <p>10 Q. SO, IT WAS A HOME OFFICE?</p> <p>11 A. YEAH.</p> <p>12 Q. DID YOU FOLKS EVER MAINTAIN A SAFETY DEPOSIT BOX?</p> <p>13 A. NO, NOT THAT I'M AWARE OF.</p> <p>14 Q. DO YOU RECALL HOW MANY CUSTOMERS AWARE GROUP HAD OR</p> <p>15 HOW MANY MEMBERS AWARE GROUP HAD, TOTAL?</p> <p>16 A. NO, NOT EXACTLY, BUT I THINK IT WAS -- IT WAS IN THE</p> <p>17 UPPER HUNDREDS. HE ALWAYS CLAIMED THERE WERE A LOT</p> <p>18 MORE THAN THERE ACTUALLY WAS. WELL, HE'D GIVE</p> <p>19 MEMBERSHIP NUMBERS IN THE THOUSANDS WHEN THEY WERE</p> <p>20 REALLY LIKE NUMBER 30.</p> <p>21 BY MR. STRONG:</p> <p>22 I THINK THAT'S ALL THE QUESTIONS I HAVE FOR MS.</p> <p>23 FERGUSON. MS. SALVINI WILL HAVE THE OPPORTUNITY TO</p> <p>24 ASK YOU SOME QUESTIONS NOW.</p> <p>25 BY MS. SALVINI:</p>	<p style="text-align: right;">Page 41</p> <p>1 REPRESENTS ALEX, AND I'M GOING TO BE STANDING IN FOR</p> <p>2 HIM TODAY. SO, I HAVE A GOOD UNDERSTANDING OF THE</p> <p>3 CASE, BUT I KNOW I DON'T KNOW EVERYTHING ABOUT IT.</p> <p>4 I'VE JUST BEEN TRYING TO ASSIST, SO IF I ASK A</p> <p>5 QUESTION THAT SEEMS REDUNDANT OR THAT MAYBE MR.</p> <p>6 STRONG ALREADY ASKED, I APOLOGIZE. IT'S JUST THAT I</p> <p>7 MAY NOT ACTUALLY UNDERSTAND A NUANCE IN THE CASE AND</p> <p>8 SO I WANT TO MAKE SURE I'M GETTING THE CORRECT</p> <p>9 INFORMATION, OKAY?</p> <p>10 A. OKAY.</p> <p>11 Q. ALL RIGHT. SO, I FIRST WANT TO ASK YOU ABOUT THE</p> <p>12 SOURCES OF INCOME THAT YOU AND ALEX HAD WHILE YOU</p> <p>13 ALL WERE MARRIED.</p> <p>14 A. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>15 Q. AND I BELIEVE THAT JAMES ASKED YOU ABOUT WHAT</p> <p>16 SOURCES OF INCOME YOU ALL HAD AND YOU INDICATED THAT</p> <p>17 IN THE BEGINNING OF THE MARRIAGE, THAT YOU WERE</p> <p>18 WORKING.</p> <p>19 A. RIGHT.</p> <p>20 Q. IS THAT RIGHT?</p> <p>21 A. RIGHT.</p> <p>22 Q. WHAT WERE YOU DOING?</p> <p>23 A. NOT IN THE BEGINNING OF THE MARRIAGE.</p> <p>24 Q. OKAY.</p> <p>25 A. IN THE BEGINNING OF THE RELATIONSHIP.</p>

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<p style="text-align: right;">Page 42</p> <p>1 Q. ALL RIGHT.</p> <p>2 A. BECAUSE WE MET IN '95, BUT WE DIDN'T GET MARRIED</p> <p>3 UNTIL '97.</p> <p>4 Q. OKAY.</p> <p>5 A. OKAY? SO, IN '95 AND '96, I WAS WORKING.</p> <p>6 Q. AND WHAT WERE YOU DOING?</p> <p>7 A. RETAIL.</p> <p>8 Q. OKAY.</p> <p>9 A. AND THEN, HE WAS LIKE YOU'RE NOT MAKING ENOUGH TO</p> <p>10 JUSTIFY DAY CARE AND EVERYTHING ELSE.</p> <p>11 Q. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>12 A. COME WORK WITH ME.</p> <p>13 Q. OKAY. AND SO, WHEN DID YOU FINALLY QUIT YOUR JOB IN</p> <p>14 RETAIL AND WORK WITH ALEX?</p> <p>15 A. I THINK IT WAS THE END OF '96.</p> <p>16 Q. OKAY. SO, BEFORE YOU ALL GOT MARRIED ---</p> <p>17 A. YES.</p> <p>18 Q. --- YOU STOPPED WORKING?</p> <p>19 A. YES.</p> <p>20 Q. OKAY. AND THEN, DURING THAT TIME, WAS ALEX EMPLOYED</p> <p>21 OR WAS IT JUST WITH, WITH THE BUSINESSES THAT WE'VE</p> <p>22 BEEN TALKING ABOUT?</p> <p>23 A. YEAH, HE'S NEVER, THE WHOLE TIME WE WERE TOGETHER HE</p> <p>24 NEVER WORKED ANYWHERE BUT WITH THE BUSINESSES WE'RE</p> <p>25 DISCUSSING.</p>	<p style="text-align: right;">Page 44</p> <p>1 YOU REMEMBER?</p> <p>2 A. WELL, IT WOULD JUST REALLY DEPEND. ONCE WE GOT THE</p> <p>3 MERCHANT ACCOUNT, THEY COULD PAY BY CREDIT CARD AND</p> <p>4 STUFF, BUT ALEX'S PREFERRED METHOD OF PAYMENT WAS A</p> <p>5 MONEY ORDER.</p> <p>6 Q. OKAY. SO, WHEN YOU SAID THAT HE GAVE YOU MONEY, IS</p> <p>7 THAT THAT HE WOULD GIVE YOU A MONEY ORDER AND THEN</p> <p>8 YOU WOULD DEPOSIT IT INTO YOUR ACCOUNT?</p> <p>9 A. YES. YEAH. I MEAN, OCCASIONALLY. WE DIDN'T, WE</p> <p>10 DIDN'T HARDLY EVER USE THE PERSONAL ACCOUNT.</p> <p>11 Q. OKAY. AND DID HE TELL YOU EVERY SINGLE TIME HE GAVE</p> <p>12 YOU A MONEY ORDER WHERE THAT MONEY ORDER CAME FROM?</p> <p>13 A. NO.</p> <p>14 Q. OKAY. DID YOU ALL DISCUSS THAT THOSE MONEY ORDERS</p> <p>15 WERE COMING FROM INDIVIDUALS WHO WERE EITHER MEMBERS</p> <p>16 OF THE AWARE GROUP OR SOMEBODY WHO HAD PURCHASED</p> <p>17 SOMETHING FROM ---</p> <p>18 A. WELL, I WOULD KNOW THAT BECAUSE I WAS THERE. YOU</p> <p>19 KNOW WHAT I'M SAYING AND STUFF? WE'D OPEN THE MAIL</p> <p>20 AND GO THROUGH THE MAIL, JUST LIKE ANY BUSINESS.</p> <p>21 YOU KNOW, YOU GET ORDERS IN, YOU PROCESS THE ORDERS,</p> <p>22 AND YOU SEND THE ORDERS OUT AND STUFF. AND SO, YOU</p> <p>23 KNOW, I, HE WOULDN'T HAVE TO TELL ME WHERE IT CAME</p> <p>24 FROM. I KNEW WHERE IT CAME FROM.</p> <p>25 Q. OKAY. DO YOU KNOW IF HIS MOTHER EVER GAVE HIM ANY</p>
<p style="text-align: right;">Page 43</p> <p>1 Q. OKAY. AND YOU TESTIFIED THAT YOU HAD A BANK</p> <p>2 ACCOUNT. WAS THAT AN ACCOUNT THAT YOU HAD BEFORE</p> <p>3 YOU ALL ---</p> <p>4 A. YES.</p> <p>5 Q. --- GOT MARRIED AND THAT YOU KEPT AFTER YOU ALL WERE</p> <p>6 MARRIED?</p> <p>7 A. YES. YEAH, IT WAS JUST A PERSONAL BANK ACCOUNT.</p> <p>8 Q. AND WHAT FUNDS WOULD YOU DEPOSIT INTO THAT ACCOUNT?</p> <p>9 A. WHEN -- WELL, WHEN I WAS WORKING, MY PAYCHECK.</p> <p>10 Q. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>11 A. AND THEN AFTER THAT, IF HE GAVE ME MONEY TO COVER A</p> <p>12 BILL OR SOMETHING, BECAUSE HE HANDLED -- ANY MONEY</p> <p>13 IN HOUSE, ANY MONEY THAT CAME IN, IF IT WASN'T MADE</p> <p>14 OUT TO FREEDOM TRUST GROUP OR IF IT WASN'T MADE OUT</p> <p>15 TO INTERNATIONAL BUSINESS SYSTEMS, SO YOU KNOW, IT</p> <p>16 AUTOMATICALLY WENT INTO ONE OF THOSE BANK ACCOUNTS,</p> <p>17 HE -- HE WOULD TELL ME WHAT TO DO WITH IT OR ELSE HE</p> <p>18 JUST KEPT IT.</p> <p>19 Q. OKAY. AND WHEN YOU SAID WHEN MONEY WOULD COME IN,</p> <p>20 WHAT MONEY ARE YOU REFERRING TO?</p> <p>21 A. WELL, LIKE, IF SOMEONE ORDERED SOMETHING FROM THE</p> <p>22 AWARE GROUP OR FREEDOM TRUST GROUP, YOU KNOW, CDs,</p> <p>23 MEMBERSHIP.</p> <p>24 Q. AND WHEN PEOPLE WOULD ORDER CDs OR MEMBERSHIPS,</p> <p>25 WOULD THEY PAY WITH A CHECK OR A MONEY ORDER OR DO</p>	<p style="text-align: right;">Page 45</p> <p>1 MONEY?</p> <p>2 A. OH, YES.</p> <p>3 Q. OKAY. HOW OFTEN WOULD SHE GIVE HIM MONEY?</p> <p>4 A. NOT OFTEN. AND AFTER WE FIRST GOT TOGETHER, NOT</p> <p>5 REALLY BECAUSE SHE DIDN'T HAVE ANY. SHE HAD BLOWN</p> <p>6 IT ALL AND SPENT IT ALL.</p> <p>7 Q. BUT SHE DID GIVE HIM SOME MONEY.</p> <p>8 A. WELL, SHE GAVE, SHE PUT THE MONEY DOWN ON THE HOUSE.</p> <p>9 Q. OKAY.</p> <p>10 A. AND I DON'T REALLY RECALL ANY OTHER TIME WHICH</p> <p>11 MIRIAM GAVE HIM ANY MONEY. I MEAN, IT -- NOW, SHE</p> <p>12 GAVE HIM SOME MONEY TO BUY HER SOME GOLD AND SILVER</p> <p>13 HERE AND THERE. I HAVE NO IDEA HOW MUCH OR WHAT</p> <p>14 HAVE YOU AND STUFF, BUT SORT OF AS AN INVESTMENT.</p> <p>15 YOU KNOW, FOR FUTURE, AND BUT SHE DIDN'T GIVE, LIKE</p> <p>16 GIVE HIM MONEY REGULARLY OR SHE DIDN'T SUPPORT HIM.</p> <p>17 Q. DO YOU KNOW IF SHE MADE ANY OF THE MORTGAGE PAYMENTS</p> <p>18 ON THE HOUSE THAT SHE PUT THE MONEY DOWN ON AND YOU</p> <p>19 ALL WERE LIVING IN?</p> <p>20 A. NOT WHILE WE WERE TOGETHER.</p> <p>21 Q. WOULD YOU HAVE KNOWN IF -- WOULD YOU HAVE KNOWN IF</p> <p>22 SHE WOULD HAVE GIVEN HIM MONEY? WOULD HE HAVE TOLD</p> <p>23 YOU?</p> <p>24 A. NOT NECESSARILY. THERE'S A LOT HE DIDN'T TELL ME,</p> <p>25 BUT HE DIDN'T NEED HER HELP WHEN WE WERE TOGETHER.</p>

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<p style="text-align: right;">Page 46</p> <p>1 Q. WHY DO YOU SAY THAT?</p> <p>2 A. I MEAN, BECAUSE HE HAD MONEY COMING IN WITH THESE</p> <p>3 BUSINESSES.</p> <p>4 Q. WHAT ABOUT AFTER YOU ALL SEPARATED? YOU SAID THAT</p> <p>5 YOU CONTINUED TO OPERATE THE AWARE GROUP.</p> <p>6 A. THE AWARE GROUP. HE CONTINUED TO OPERATE FREEDOM</p> <p>7 TRUST GROUP, AND THEN HE WAS ALWAYS LOOKING FOR THE</p> <p>8 NEXT THING. AND I KNOW THAT FOR A WHILE HE WAS, HE</p> <p>9 TOLD ME THAT HE WAS ASSISTING, LIKE MARKETING WITH</p> <p>10 SOME MOTORCYCLE COMPANY SOMEWHERE IN THE UPSTATE. I</p> <p>11 DON'T REMEMBER WHO OR WHAT BECAUSE LIKE I SAID, WE</p> <p>12 WEREN'T TOGETHER, SO THESE WERE CASUAL CONVERSATIONS</p> <p>13 AND STUFF, BUT OTHER THAN THAT, I HAVE NO IDEA.</p> <p>14 Q. AND SO, WHILE YOU WERE OPERATING THE AWARE GROUP</p> <p>15 WERE YOU THEN HANDLING ANY MONEY THAT CAME IN, ANY</p> <p>16 MEMBERSHIP, I GUESS, FEES THAT PEOPLE WERE PAYING</p> <p>17 ---</p> <p>18 A. OH, YEAH. I WAS HANDLING IT ALL AND THEN I HAD TO</p> <p>19 PAY HIM ROYALTIES.</p> <p>20 Q. WHAT WERE YOU PAYING HIM? HOW MUCH WERE YOU PAYING</p> <p>21 HIM?</p> <p>22 A. IT WAS A PERCENTAGE. I DON'T HAVE THAT INFORMATION</p> <p>23 IN FRONT OF ME, BUT I DID, FOR, WHILE AWARE WAS</p> <p>24 THERE, THAT WAS PART OF THE DIVORCE AGREEMENT WAS,</p> <p>25 AND IT'S IN THE DIVORCE AGREEMENT THAT HE WOULD GET</p>	<p style="text-align: right;">Page 48</p> <p>1 Q. --- AS LIKE AN AUTHORIZED SIGNATORY?</p> <p>2 A. NO. NOT THAT, NOT WHILE WE WERE TOGETHER. NOW,</p> <p>3 AFTERWARDS, BUT, BUT SEE, IT GOT TO THE POINT WHERE</p> <p>4 MIRIAM HAD NO MONEY. SHE WAS IN THE -- SHE WAS IN A</p> <p>5 NURSING HOME AND ALEX, IT GOT TO THE POINT WHERE FOR</p> <p>6 A WHILE, ALEX HAD TO PAY FOR THE NURSING HOME AND</p> <p>7 THEN SHE MOVED OUT OF THE NURSING HOME BECAUSE</p> <p>8 NEITHER ONE OF THEM COULD AFFORD IT AND SHE MOVED IN</p> <p>9 WITH HER GRANDSON. AND THAT'S THE LAST I HEARD.</p> <p>10 I'VE NOT SPOKEN OR SEEN ALEX IN ALMOST THREE YEARS.</p> <p>11 Q. I UNDERSTAND. I WANT TO ASK YOU ABOUT THE FREEDOM</p> <p>12 TRUST GROUP AND I.B.S. AND THE AWARE GROUP, AND I</p> <p>13 WANT TO START WITH THE AWARE GROUP.</p> <p>14 A. OKAY.</p> <p>15 Q. WHAT WAS YOUR UNDERSTANDING OF WHAT THE AWARE GROUP</p> <p>16 WAS SUPPOSED TO DO?</p> <p>17 A. AWARE GROUP WAS AN INFORMATION PROVIDER FOR PEOPLE.</p> <p>18 IT WAS -- IT HAD A NICHE. THOSE WHO WERE INTERESTED</p> <p>19 IN LIKE WHAT I SAID WAS WHAT, AT THAT POINT IN TIME</p> <p>20 WAS CALLED THE PATRIOT MOVEMENT ---</p> <p>21 Q. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>22 A. AND I SAY IN QUOTES. THOSE THAT WERE IN IT HATED</p> <p>23 THAT TERM. THEY CALLED THEMSELVES FREEDOM PEOPLE.</p> <p>24 THEY -- PEOPLE WHO WERE LOOKING FOR ALTERNATIVE</p> <p>25 INFORMATION THAN THAT THAT WAS PROVIDED BY THE MASS</p>
<p style="text-align: right;">Page 47</p> <p>1 ROYALTIES, SO EACH MONTH.</p> <p>2 Q. AND YOU MENTIONED THE CASE THAT YOU HAD WITH THE</p> <p>3 I.R.S. ---</p> <p>4 A. RIGHT.</p> <p>5 Q. DID YOU PROVIDE THE I.R.S. WITH INFORMATION ON HOW</p> <p>6 MUCH OR WHAT THE PERCENTAGE OF THE ROYALTIES YOU</p> <p>7 PAID TO ALEX WERE DURING THAT TIME?</p> <p>8 A. YES. YES.</p> <p>9 Q. AND SO, THE BILLS FOR THE HOUSE THAT YOU ALL LIVED</p> <p>10 IN TOGETHER, DID YOU HANDLE THE PAYMENT FOR ALL</p> <p>11 THOSE BILLS OR DID ALEX?</p> <p>12 A. WELL, HE WOULD GIVE ME THE CASH TO GO PAY THEM</p> <p>13 BECAUSE HE WANTED THEM ALL PAID IN CASH, LIKE THE</p> <p>14 ONES I COULD PAY IN CASH, LIKE THE LOCAL, LIKE THE</p> <p>15 POWER BILL AND THE WATER BILL OR ANYTHING LIKE THAT,</p> <p>16 HE WOULD GIVE ME THE CASH TO GO PAY IT BECAUSE HE</p> <p>17 KEPT ALL THE MONEY.</p> <p>18 Q. OKAY. DO YOU KNOW IF HE HANDLED ANY FINANCES FOR</p> <p>19 HIS MOTHER?</p> <p>20 A. NO, NOT THAT I -- NOT THAT I RECALL. SHE HAD HER</p> <p>21 OWN ACCOUNT AND SHE HAD, AT THE BANK, A DEAR FRIEND</p> <p>22 OF HERS WHO HELPED HER. I THINK HER NAME WAS PAT.</p> <p>23 Q. DO YOU KNOW IF ALEX WAS ON ANY OF HER BANK ACCOUNTS</p> <p>24 ---</p> <p>25 A. NO.</p>	<p style="text-align: right;">Page 49</p> <p>1 MEDIA.</p> <p>2 Q. OKAY. AND I BELIEVE YOU TESTIFIED TO THIS BEFORE,</p> <p>3 BUT I WANT TO MAKE SURE I UNDERSTAND. THE AWARE</p> <p>4 GROUP ESSENTIALLY HAD MEMBERS THAT WERE MEMBERS FOR</p> <p>5 LIFE.</p> <p>6 A. CORRECT.</p> <p>7 Q. OKAY. AND THOSE MEMBERS, I GUESS AS A RESULT OF</p> <p>8 THEIR MEMBERSHIP, THEY WOULD RECEIVE INFORMATION ON</p> <p>9 A CD.</p> <p>10 A. CORRECT. AND SOME AUDIOS AND VIDEOS.</p> <p>11 Q. AND WHAT WERE THE REPRESENTATIONS MADE TO THESE</p> <p>12 MEMBERS AS TO WHAT THAT CD WAS FOR, WHAT IT</p> <p>13 CONTAINED?</p> <p>14 A. GEEZ. IT WAS INFORMATION ON HOW TO REGAIN YOUR</p> <p>15 FREEDOM. INFORMATION THAT SUPPOSEDLY THE GOVERNMENT</p> <p>16 DIDN'T WANT YOU TO KNOW. A LOT OF, IT WAS A LOT OF</p> <p>17 DIFFERENT SUBJECTS, BUT IT WAS ALL BASED ON WHAT,</p> <p>18 THAT WHAT THEY CALLED THAT PATRIOT MOVEMENT.</p> <p>19 BELIEVING THAT WE, AS THE CITIZENS OR OF THE PEOPLE</p> <p>20 OF THE U.S. WERE -- THAT THE GOVERNMENT WAS SUPPOSED</p> <p>21 TO WORK FOR US. YOU KNOW, THAT WE WEREN'T SUPPOSED</p> <p>22 TO WORK FOR THEM, AND THAT EVERYTHING HAD GOT TURNED</p> <p>23 AROUND AND THAT THE GOVERNMENT WAS NOT AND THIS</p> <p>24 COUNTRY WAS NOT WHAT THE FOUNDING FATHERS HAD</p> <p>25 DESIGNED IT TO BE, AND THAT WE WERE NO LONGER UNDER</p>

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<p>1 THE RULE OF LAW AND THAT -- YOU CAN'T, IT'S NOT A</p> <p>2 SITUATION WHERE YOU CAN JUST GO IT WAS THIS.</p> <p>3 Q. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>4 A. YOU KNOW, IT'S, IT'S, IT WASN'T ONE CERTAIN THING.</p> <p>5 IT WAS A WHOLE WAY OF THINKING AND A WHOLE WAY OF</p> <p>6 LIVING.</p> <p>7 Q. IN ALL THE DOCUMENTS THAT WERE ON THIS CD FOR</p> <p>8 MEMBERS TO LOOK AT, THOSE WERE DOCUMENTS PREPARED BY</p> <p>9 THIRD PARTIES. IS THAT RIGHT?</p> <p>10 A. YES.</p> <p>11 Q. INFORMATION THAT ALEX OR YOU FOUND ---</p> <p>12 A. THAT HE FOUND.</p> <p>13 Q. OKAY.</p> <p>14 A. LET ME -- LET ME -- LET ME BE ADAMANT ABOUT THIS.</p> <p>15 ALEX WAS ALWAYS IN CONTROL. ALEX IS ALWAYS IN</p> <p>16 CONTROL IN EVERY ASPECT. OKAY? NOTHING WAS DONE</p> <p>17 WITHOUT HIS SAY SO.</p> <p>18 Q. OKAY.</p> <p>19 A. OKAY? I NEVER FOUND ANYTHING. I NEVER CREATED</p> <p>20 ANYTHING. LIKE I SAID, MY -- MY ROLE WAS TOTALLY</p> <p>21 THAT OF LIKE AN ADMINISTRATIVE ASSISTANT, WHICH IS</p> <p>22 WHAT I DO NOW. OKAY? I'M GOOD AT THAT, BUT HE WAS</p> <p>23 THE THINKER. OKAY? BUT HE NEVER CREATED THESE</p> <p>24 DOCUMENTS FROM SCRATCH.</p> <p>25 Q. MM-HMM (AFFIRMATIVE RESPONSE).</p>	<p>1 A. I DIDN'T NECESSARILY BELIEVE -- THIS IS MY PERSONAL</p> <p>2 OPINION. OKAY? YOU HAVE TO UNDERSTAND MY MINDSET.</p> <p>3 Q. OKAY.</p> <p>4 A. I WAS MARRIED TO ALEX. I WORKED WITH ALEX. I LIVED</p> <p>5 WITH ALEX. I WAS WITH ALEX 24/7. THE ONLY TIME I</p> <p>6 WAS BY MYSELF IS I WENT TO THE GROCERY STORE OR WENT</p> <p>7 YOU KNOW, AND GOT THE MAIL. IT GOT TO THE POINT</p> <p>8 WHERE I PRETTY MUCH BELIEVED WHATEVER HE TOLD ME TO</p> <p>9 BELIEVE.</p> <p>10 Q. WELL, BUT THAT'S NOT WHAT I'M ASKING YOU. I'M</p> <p>11 ASKING YOU WHETHER OR NOT YOU BELIEVE, AND I'LL BE</p> <p>12 SPECIFIC, DID YOU EVER TELL ANYBODY THAT THEY DIDN'T</p> <p>13 HAVE TO PAY FEDERAL INCOME TAXES?</p> <p>14 A. OH, NO.</p> <p>15 Q. DID ALEX EVER TELL ANYBODY ---</p> <p>16 A. NO.</p> <p>17 Q. SO, ALEX NEVER TOLD ANYBODY OR REPRESENTED TO</p> <p>18 ANYBODY HERE'S A BUNCH OF FORMS. HERE'S A BUNCH OF</p> <p>19 INFORMATION. THIS IS GOING TO HELP YOU SO YOU</p> <p>20 CAN'T, YOU DON'T HAVE TO PAY FEDERAL INCOME TAX?</p> <p>21 A. NO. THAT, IN FACT, HE WENT OUT OF HIS WAY NOT TO</p> <p>22 SAY THAT. YOU KNOW, THE WHOLE POINT WAS IS THAT</p> <p>23 HERE'S THIS INFORMATION. YOU READ IT. YOU DECIDE.</p> <p>24 THIS IS EDUCATIONAL MATERIAL.</p> <p>25 Q. MM-HMM (AFFIRMATIVE RESPONSE).</p>
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<p>1 A. BUT HE FOUND THEM AND THEN THEY WERE ALTERED OR</p> <p>2 MANIPULATED OR WHAT HAVE YOU TO WHERE HE COULD THEN</p> <p>3 USE THEM.</p> <p>4 Q. OKAY. SO, WHEN YOU SAY ALTERED OR MANIPULATED, I</p> <p>5 BELIEVE THAT WHEN YOU TESTIFIED BEFORE, YOU SAID</p> <p>6 THAT HE NEVER CREATED ANYTHING ---</p> <p>7 A. RIGHT.</p> <p>8 Q. SO, DOES THAT MEAN THAT HE WOULD JUST CUT AND PASTE</p> <p>9 SECTIONS THAT HE THOUGHT ---</p> <p>10 A. EXACTLY.</p> <p>11 Q. --- WERE APPROPRIATE TO GIVE TO THE MEMBERS ---</p> <p>12 A. YEAH.</p> <p>13 Q. --- AND THEN PUT IT ON A CD.</p> <p>14 A. WELL, WELL, HE WOULD TAKE PARTS OF THIS GUY'S</p> <p>15 RESEARCH AND THIS GUY'S RESEARCH AND THEN THIS GUY'S</p> <p>16 RESEARCH AND COMBINE THEM INTO ONE RESEARCH.</p> <p>17 Q. OKAY. AND I WROTE DOWN THAT WHEN YOU WERE</p> <p>18 TESTIFYING WHEN MR. STRONG WAS ASKING YOU QUESTIONS</p> <p>19 THAT, THAT THE REPRESENTATIONS THAT WERE MADE IS</p> <p>20 THAT THEY WERE TO LOOK AT THIS, AND YOU USED THE</p> <p>21 WORD LEGAL, AND DETERMINE WHAT WAS LEGAL OR</p> <p>22 APPROPRIATE OR APPLIED TO THEM. IS THAT RIGHT?</p> <p>23 A. RIGHT.</p> <p>24 Q. DID YOU BELIEVE THAT WHAT YOU WERE GIVING THEM WAS</p> <p>25 FALSE INFORMATION?</p>	<p>1 A. THIS, YOU KNOW, BUT WHEN YOU'RE DEALING WITH A GROUP</p> <p>2 OF PEOPLE WHO ALREADY BELIEVE THAT, BUT NO, HE NEVER</p> <p>3 SAID IT AND I CERTAINLY NEVER SAID THAT.</p> <p>4 Q. SO, AND I KNOW THIS MAKES YOU UPSET AND I DON'T WANT</p> <p>5 TO MAKE YOU UPSET ---</p> <p>6 A. I KNOW.</p> <p>7 Q. BUT YOU SIGNED AN AFFIDAVIT.</p> <p>8 A. YEAH, I KNOW I DID. AND IT'S NOT ---</p> <p>9 Q. IN WHICH YOU SAID, AND I'M LOOKING JUST AT ---</p> <p>10 A. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>11 Q. I DON'T WANT TO REPRESENT WHAT THE AFFIDAVIT SAYS.</p> <p>12 I KNOW IT SPEAKS FOR ITSELF, BUT WHERE YOU SAID THAT</p> <p>13 YOU REPRESENTED OR LEAD CLIENTS TO BELIEVE ---</p> <p>14 A. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>15 Q. THAT THERE IS NO FEDERAL TAX ---</p> <p>16 A. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>17 Q. INCOME TAXES TO BE PAID, THAT THEY DIDN'T HAVE TO DO</p> <p>18 THAT.</p> <p>19 A. MM-HMM (AFFIRMATIVE RESPONSE). WELL, THE</p> <p>20 INFORMATION WOULD LEAD THEM TO BELIEVE THAT.</p> <p>21 Q. WHY DO YOU SAY THAT IF YOU TOLD THEM AND ALEX TOLD</p> <p>22 THEM THAT WERE TO DETERMINE FOR THEMSELVES HOW IT</p> <p>23 APPLIED TO THEM AND HOW THEY SHOULD HANDLE IT</p> <p>24 LEGALLY?</p> <p>25 A. BECAUSE THE WHOLE POINT WAS IS THAT IT'S, IT'S A</p>

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<p>1 VERY FINE LINE. OKAY? AND THE INFORMATION, IF</p> <p>2 ANYONE WAS TO READ THE INFORMATION PROVIDED, THAT'S</p> <p>3 WHAT THEY WOULD BE LEAD TO BELIEVE, THAT THEY</p> <p>4 WEREN'T LIABLE TO FILE, BUT WERE THEY EVER TOLD THEY</p> <p>5 WERE NOT LIABLE TO FILE? NO. THOSE WORDS NEVER</p> <p>6 CAME OUT OF HIS MOUTH. THEY NEVER CAME OUT OF MY</p> <p>7 MOUTH.</p> <p>8 Q. DID YOU ALL, NOW, I'M GOING TO ASK, I GUESS, MORE</p> <p>9 SPECIFICALLY, AS OPPOSED TO BEING VAGUE. DID YOU</p> <p>10 HOLD YOURSELF OUT AS BEING AN EXPERT ON TAXES?</p> <p>11 A. OH, I DIDN'T, NO.</p> <p>12 Q. DID YOU HOLD YOURSELF OUT AS BEING A LAWYER OR ---</p> <p>13 A. NO, NO.</p> <p>14 Q. SOMEBODY WHO UNDERSTOOD THE CODES OR THE CASE LAW OR</p> <p>15 THE LETTERS THAT WERE BEING SUBMITTED TO THEM?</p> <p>16 A. NO.</p> <p>17 Q. WHAT ABOUT ALEX? DID HE EVER HOLD HIMSELF OUT AS</p> <p>18 BEING A TAX EXPERT?</p> <p>19 A. NO.</p> <p>20 Q. DID HE EVER HOLD HIMSELF OUT AS BEING A LAWYER OR</p> <p>21 SOMEBODY THAT HE HAD INTERPRETED THESE THINGS AND</p> <p>22 THIS IS WHAT THEY MEANT?</p> <p>23 A. HE NEVER REPRESENTED HIMSELF AS AN ATTORNEY.</p> <p>24 Q. OKAY.</p> <p>25 A. HE DID REPRESENT HIMSELF AS SOMEONE WHO WAS</p>	<p>1 A. WHICH EXISTED BEFORE I CAME INTO THE PICTURE. AND</p> <p>2 HE HAD NUMEROUS OTHER VIDEOS ON OTHER SUBJECTS LIKE</p> <p>3 LAND PATENTS AND OTHER THINGS, AND ALL OF THOSE, ALL</p> <p>4 THE VIDEOS EXISTED BEFORE I CAME ALONG. SO, WHERE</p> <p>5 THEY ORIGINATED, NO CLUE. MORE THAN LIKELY, THEY</p> <p>6 WERE BOUGHT IN THE BACK OF, OUT OF A BACK OF A</p> <p>7 MAGAZINE OR SOMEWHERE THEN DUPLICATED. BUT AND THEN</p> <p>8 THE FREEDOM FILES CD AND ANY, ANY, YOU KNOW,</p> <p>9 ANYTHING THAT WE HAD THAT WE SOLD THAT I HAD COPIES</p> <p>10 OF, I GAVE THEM COPIES OF.</p> <p>11 Q. OKAY. AND SO, THEN, WHAT DID YOU BURN?</p> <p>12 A. EVERYTHING I HAD. IF I HAD ANY INVENTORY OF THE</p> <p>13 DIFFERENT VIDEOS OR ANY CDs I HAD, PAPERWORK I HAD,</p> <p>14 ALL THE MEMBERSHIP APPLICATIONS, YOU KNOW, THAT I</p> <p>15 MAY HAVE HAD AND ANYTHING LIKE THAT. I JUST -- MINE</p> <p>16 WAS DONE AND I WAS DONE WITH IT.</p> <p>17 Q. I THINK YOU INDICATED THAT YOU THOUGHT THAT ALEX HAD</p> <p>18 COPIES OF SOME OF THIS STUFF.</p> <p>19 A. YEAH, I KNOW HE HAD COPIES OF THE FREEDOM -- IN</p> <p>20 FACT, HE HAD COPIES OF EVERYTHING BECAUSE THAT WAS</p> <p>21 PART OF THE DIVORCE AGREEMENT WAS HE WOULD -- HE WAS</p> <p>22 TO BE CONSIDERED TO BE THE FIRST MEMBER OF AWARE.</p> <p>23 THEREFORE, HE HAD ACCESS TO EVERYTHING AWARE HAD.</p> <p>24 OKAY? AND SO, THE VIDEOS, THE AUDIOS, THE CDs, ALL</p> <p>25 THE INFORMATION, HE HAD.</p>
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<p>1 KNOWLEDGEABLE OF THE INFORMATION AND THIS WAS HIS</p> <p>2 BELIEFS AND WHAT THIS INFORMATION MEANT.</p> <p>3 Q. AND IS THAT WHAT WAS, I GUESS, WHAT WAS STATED AT</p> <p>4 THE SEMINARS?</p> <p>5 A. YEAH. YEAH. IT WOULD BE THIS IS WHAT I BELIEVE AND</p> <p>6 THIS IS WHY I BELIEVE IT.</p> <p>7 Q. AND THEN, AFTER HE WOULD SAY THAT, WOULD HE TELL,</p> <p>8 BECAUSE I REMEMBER YOU BEING VERY SPECIFI. , WOULD</p> <p>9 HE TELL THEM, THEN, THEY WOULD NEED TO DETERMINE HOW</p> <p>10 THIS INFORMATION APPLIED TO THEM?</p> <p>11 A. OH, I'M SURE HE DID, BUT I MEAN, THEY HAD THE</p> <p>12 AUDIOS.</p> <p>13 Q. AND I WANT -- THAT'S WHAT I WANT TO ASK YOU NEXT.</p> <p>14 YOU SAID THAT YOU PROVIDED THE I.R.S. WITH</p> <p>15 EVERYTHING ---</p> <p>16 A. THAT I HAD.</p> <p>17 Q. THAT YOU HAD. SO, I WANT TO FIND OUT WHAT THAT IS.</p> <p>18 A. IT WAS COPIES OF THE AUDIOS FROM THE SEMINARS THAT</p> <p>19 WE HAD THAT WERE RECORDED. THERE WERE NEVER VIDEOS.</p> <p>20 HE REFUSED TO BE ON VIDEO.</p> <p>21 Q. OKAY.</p> <p>22 A. SO, THEY WAS ALWAYS DONE IN AUDIO FORMAT. IT WAS A</p> <p>23 VIDEO THAT HE HAD GOTTEN SOMEWHERE, AND I HAVE NO</p> <p>24 IDEA WHERE IT CAME FROM, CALLED ALL ABOUT TRUSTS.</p> <p>25 Q. OKAY.</p>	<p>1 Q. SO, HE WOULD HAVE, HE HAD A COPY OF THAT INFORMATION</p> <p>2 AND THEN YOU HAD THE INVENTORY AND THE STUFF THAT</p> <p>3 WAS SENT OUT TO PEOPLE ---</p> <p>4 A. MM-HMM (AFFIRMATIVE RESPONSE). RIGHT.</p> <p>5 Q. SO -- OKAY. WHEN YOU SIGNED THIS AFFIDAVIT FOR THE</p> <p>6 I.R.S. -- LET ME ASK IT LIKE THIS. PRIOR TO SIGNING</p> <p>7 THIS AFFIDAVIT, DID YOU BELIEVE THAT YOU HAD</p> <p>8 VIOLATED THE LAW WHEN YOU WERE SUBMITTING, SENDING</p> <p>9 OUT INFORMATION ---</p> <p>10 A. NO.</p> <p>11 Q. --- TO MEMBERS OF THE AWARE GROUP?</p> <p>12 A. NO. NO. NO. ALL I, ONLY, THE ONLY THING THAT I</p> <p>13 BELIEVED THAT I HAD DONE WRONG WAS WHEN I WAS WITH</p> <p>14 ALEX AND THE YEARS RIGHT AFTER I LEFT HIM BECAUSE I</p> <p>15 REALLY DIDN'T KNOW HOW TO GET OUT OF THE HOLE, SO I</p> <p>16 DID NOT FILE TAX RETURNS BECAUSE LORD KNOWS, YOU</p> <p>17 COULD NOT DO THAT WITH ALEX. YOU COULDN'T FILE</p> <p>18 THEM. AND THEN, WHEN I LEFT HIM, I WAS KIND OF IN</p> <p>19 THE MINDSET OF, LIKE, WELL, HOW DO I GET BACK? DO</p> <p>20 YOU SEE WHAT I'M SAYING?</p> <p>21 Q. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>22 A. AND STUFF. BUT NO, I WAS, I WAS NOT UNDER THE</p> <p>23 BELIEF THAT I HAD BROKEN ANY LAW.</p> <p>24 Q. WELL, WHEN YOU, I WANT TO SPECIFICALLY FIND OUT HOW</p> <p>25 YOU DETERMINED WHEN YOU SIGNED THIS AFFIDAVIT THAT,</p>

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<p style="text-align: right;">Page 58</p> <p>1 FOR EXAMPLE ---</p> <p>2 A. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>3 Q. THE LAST PARAGRAPH SAYS, THE V.H.S. TAPE ALL ABOUT</p> <p>4 TRUSTS ---</p> <p>5 A. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>6 Q. --- WAS INCLUDED ON MY WEBSITE. AND THAT WAS</p> <p>7 REFERRING TO THE AWARE GROUP.</p> <p>8 A. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>9 Q. AND THAT LAST SENTENCE, IT SAYS, THE TAPE INCLUDES</p> <p>10 FRIVOLOUS ARGUMENTS REGARDING I.R.C. SECTION 861-877</p> <p>11 ---</p> <p>12 A. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>13 Q. --- REGARDING THE REQUIREMENTS FOR FEDERAL INCOME</p> <p>14 TAXES TO BE PAID ON WAGES AND EARNINGS OF A U.S.</p> <p>15 CITIZEN AND TITLE 26 U.S.C.</p> <p>16 A. RIGHT.</p> <p>17 Q. END QUOTE. HOW DO YOU KNOW THAT?</p> <p>18 A. I DON'T KNOW THAT. I DIDN'T WRITE THIS.</p> <p>19 Q. WHY DID YOU SIGN IT THEN?</p> <p>20 A. BECAUSE WHEN YOU HAVE AGENTS ACROSS THE TABLE FROM</p> <p>21 YOU SAYING YOU WILL SIGN THIS ---</p> <p>22 Q. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>23 A. OR ELSE WE WILL PURSUE YOU CRIMINALLY OR WHATEVER.</p> <p>24 I JUST WANTED IT TO GO AWAY.</p> <p>25 Q. AND I'M NOT TRYING TO MAKE YOU UPSET, HEATHER. I</p>	<p style="text-align: right;">Page 60</p> <p>1 SAID BEFORE, WAS LED TO BELIEVE THINGS THAT DIDN'T</p> <p>2 COME TRUE.</p> <p>3 Q. WITH -- WITH THE AWARE GROUP, WHEN YOU WERE</p> <p>4 OPERATING IT, AND ---</p> <p>5 A. YEAH.</p> <p>6 Q. AND THEN, AFTER, WHEN YOU ALL SEPARATED, IT SOUNDED</p> <p>7 LIKE TO ME YOU WERE DOING THE DAY TO DAY ---</p> <p>8 A. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>9 Q. BUSINESS OPERATIONS AND THEN JUST PROVIDING ALEX, I</p> <p>10 GUESS, WITH SORT OF AN UPDATE OR INFORMATION AS TO</p> <p>11 WHAT WAS GOING ON?</p> <p>12 A. RIGHT. WELL, HE WOULD GET ANY UPDATES BECAUSE HE</p> <p>13 WAS A MEMBER.</p> <p>14 Q. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>15 A. AND THEN, I OWED HIM ROYALTIES BASED ON OUR DIVORCE</p> <p>16 AGREEMENT AND STUFF, BUT NOTHING -- THE MOMENT I</p> <p>17 TOOK AWARE OVER AS PART OF OUR DIVORCE AGREEMENT AND</p> <p>18 STUFF AND HE RETIRED AND STUFF, NOTHING NEW EVER</p> <p>19 CAME OUT OF THE AWARE GROUP. IT WAS THE SAME OLD.</p> <p>20 ALL I DID WAS MAKE CDs AND SEND OUT TAPES AND MAKE</p> <p>21 CDs AND SEND OUT TAPES. YOU KNOW, BECAUSE IT WAS A</p> <p>22 WAY FOR ME TO MAKE A LIVING.</p> <p>23 Q. MM-HMM (AFFIRMATIVE RESPONSE). AND DURING THAT, YOU</p> <p>24 INDICATED DURING YOUR TESTIMONY THAT ON AN AVERAGE</p> <p>25 MONTH, THERE COULD BE ANYWHERE BETWEEN FIVE NEW</p>
<p style="text-align: right;">Page 59</p> <p>1 JUST WANT TO UNDERSTAND WHY YOU WOULD SIGN IT.</p> <p>2 A. BECAUSE THAT'S WHAT MY ATTORNEY TOLD ME TO DO</p> <p>3 BECAUSE I ASKED HIM. I, WHEN THEY SENT IT</p> <p>4 ORIGINALLY, I SENT HIM QUESTIONS BACK GOING YOU</p> <p>5 KNOW, I'M NOT COMFORTABLE WITH THIS. I'M NOT</p> <p>6 COMFORTABLE WITH THIS. I'M NOT COMFORTABLE WITH</p> <p>7 THIS. HE SAID THERE'S NO GETTING AROUND IT. IF YOU</p> <p>8 WANT THIS TO GO AWAY, YOU'VE GOT TO SIGN THIS. SO,</p> <p>9 I SIGNED IT.</p> <p>10 Q. SO, YOU DON'T KNOW WHETHER OR NOT THIS ARGUMENT IS</p> <p>11 FRIVOLOUS ---</p> <p>12 A. NO, I DON'T. I NEVER EVEN SEEN THE VIDEO.</p> <p>13 Q. AND I'M ASSUMING, BUT I DON'T WANT TO ASSUME</p> <p>14 ANYTHING ---</p> <p>15 A. OKAY.</p> <p>16 Q. BUT THAT THE OTHER REPRESENTATIONS IN HERE THAT, FOR</p> <p>17 EXAMPLE, SOMETHING VIOLATES A TAX CODE, SOMETHING IS</p> <p>18 NOT CONSISTENT WITH TITLE 26 ---</p> <p>19 A. I WOULDN'T HAVE THE FOGGIEST NOTION AS A MAN IN THE</p> <p>20 MOON WHETHER OR NOT.</p> <p>21 Q. SO, YOU SIGNED IT, YOU SIGNED THE AFFIDAVIT TO MAKE</p> <p>22 THEM STOP CONTACTING YOU AND TO CLOSE YOUR CASE?</p> <p>23 A. YEAH. TO MAKE THEM GO AWAY. LIKE, I THINK JUST</p> <p>24 ABOUT ANYBODY WOULD. AND BECAUSE THAT'S WHAT MY</p> <p>25 ATTORNEY TOLD ME TO DO. AND BECAUSE I WAS, LIKE I</p>	<p style="text-align: right;">Page 61</p> <p>1 MEMBERS TO TEN NEW MEMBERS.</p> <p>2 A. YEAH.</p> <p>3 Q. WERE THERE MONTHS WHEN YOU DIDN'T HAVE ANY NEW</p> <p>4 MEMBERS SIGN UP?</p> <p>5 A. PROBABLY. I DON'T REMEMBER. YOU KNOW, I DON'T</p> <p>6 REMEMBER MONTH BY MONTH, BUT I DON'T THINK SO. I</p> <p>7 MEAN, MAYBE A MONTH WHEN THERE WAS LIKE ONE OR</p> <p>8 WHATEVER AND STUFF, BUT I DON'T RECALL THERE WOULD</p> <p>9 BE ANY BECAUSE -- NO.</p> <p>10 Q. OKAY. BUT THERE WERE MONTHS WHERE THERE WAS AS</p> <p>11 LITTLE AS ONE PERSON WHO WOULD BECOME A MEMBER?</p> <p>12 A. OH, YEAH. OH, YEAH.</p> <p>13 Q. AND THEN, THE INFORMATION, I GUESS, THAT YOU WERE</p> <p>14 SENDING OUT WOULD HAVE BEEN TO ALL THE EXISTING</p> <p>15 MEMBERS IF SOMETHING NEW CAME IN OR WERE THEY</p> <p>16 UPDATED REGULARLY? HOW DID THAT WORK?</p> <p>17 A. WELL, NO, ACTUALLY, NOW, ARE YOU TALKING ABOUT WHEN</p> <p>18 I TOOK OVER AWARE?</p> <p>19 Q. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>20 A. NOW, WHEN I TOOK OVER AWARE, THERE WAS NO NEW</p> <p>21 INFORMATION. IT WOULD -- I WOULD GO ONLINE AND FIND</p> <p>22 ARTICLES THAT I THOUGHT WOULD BE OF INTEREST TO THE</p> <p>23 PEOPLE ABOUT -- IT SORT OF -- AWARE SORT OF BECAME</p> <p>24 LIKE A WATCH DOG GROUP, MEANING THAT IF I FOUND</p> <p>25 ARTICLES ONLINE ABOUT LEGISLATION THAT WAS BEING</p>

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<p>1 PASSED OR LIKE WHAT CERTAIN SENATORS ARE DOING, LIKE</p> <p>2 RON PAUL IN TEXAS IS A, THERE'S A BIG FAN BASE IN</p> <p>3 THIS GROUP OF PEOPLE, OKAY?</p> <p>4 Q. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>5 A. BECAUSE HE STICKS UP FOR THE INDIVIDUAL'S RIGHTS</p> <p>6 VERSUS THE GOVERNMENT'S RIGHT. SO, IF I FOUND, YOU</p> <p>7 KNOW, THAT HE WAS INTRODUCING LEGISLATION OR</p> <p>8 WHATEVER, I'D SEND THAT OUT OR, YOU KNOW, THAT KIND</p> <p>9 OF STUFF. AND AWARE TOOK ON KIND OF A DIFFERENT</p> <p>10 MEANING WHEN I CAME ABOARD, YOU KNOW, WHEN IT BECAME</p> <p>11 MINE BECAUSE I DIDN'T KNOW ANYTHING ABOUT ALL OF</p> <p>12 THIS KIND OF STUFF. SO, I DIDN'T, YOU KNOW, THERE</p> <p>13 WAS NO NEW INFORMATION.</p> <p>14 Q. AND THEN, WHAT ABOUT BEFORE THE DIVORCE WAS</p> <p>15 FINALIZED AND YOU TOOK OVER, WERE PEOPLE RECEIVING</p> <p>16 REGULAR UPDATES OR INFORMATION OR CDs OR HOW DID</p> <p>17 THAT WORK BECAUSE THERE WAS A LIFETIME MEMBERSHIP</p> <p>18 AND IT WAS A ONE-TIME FEE, SO ---</p> <p>19 A. RIGHT, NOW, WELL, RIGHT, WELL, ONCE EVERYTHING WENT</p> <p>20 ONLINE AND ONCE THEY BECAME A MEMBER, IT'S LIKE IF</p> <p>21 WE CAME UP WITH NEW INFORMATION, YOU KNOW, THAT CAME</p> <p>22 OUT, YOU KNOW, LIKE THIS REDEMPTION STUFF WAS ADDED</p> <p>23 LATER. YOU KNOW, THAT WAS ONE OF THE LAST THINGS</p> <p>24 AND STUFF. IF YOU WERE A MEMBER, YOU COULD GET,</p> <p>25 WE'D BY EMAIL, WE'D SEND OUT UPDATES OR ANYTHING.</p>	<p>1 Q. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>2 A. AND STUFF, SO HE SET UP INTERNATIONAL BUSINESS</p> <p>3 SYSTEMS AND THEN WENT TO CHARLES SCHWAB AND, OF</p> <p>4 COURSE, THEY USED MY SOCIAL SECURITY NUMBER BECAUSE</p> <p>5 LORD KNOWS, HE WASN'T GOING TO USE HIS AND STUFF.</p> <p>6 SO, THAT'S THE REASON WHY I'M TIED TO ALL THESE</p> <p>7 ACCOUNTS. OF COURSE, ALL THESE, WELL, I DON'T KNOW</p> <p>8 ABOUT FREEDOM TRUST GROUP'S ACCOUNT BECAUSE HE KEPT</p> <p>9 THAT AND STUFF, BUT INTERNATIONAL BUSINESS SYSTEM'S</p> <p>10 ACCOUNT HAS BEEN CLOSED.</p> <p>11 Q. AND WHAT WAS YOUR UNDERSTANDING OF WHAT FREEDOM</p> <p>12 TRUST GROUP DID?</p> <p>13 A. THAT WAS THE TRUST, THE TRUST SOFTWARE.</p> <p>14 Q. SO, AND DID IT PROVIDE -- WHO WAS PROVIDED WITH</p> <p>15 THAT, THAT TRUST SOFTWARE? DO YOU KNOW?</p> <p>16 A. WHAT DO YOU MEAN WHO WAS PROVIDED WITH THAT?</p> <p>17 Q. WELL, LIKE ---</p> <p>18 A. YOU MEAN CUSTOMERS?</p> <p>19 Q. MM-HMM (AFFIRMATIVE RESPONSE). FOR EXAMPLE, WAS IT</p> <p>20 PEOPLE, MEMBERS OF THE AWARE GROUP?</p> <p>21 A. NO. NO, NO, NO. IT WAS -- IT WAS SEPARATE.</p> <p>22 FREEDOM TRUST GROUP WAS A TOTALLY SEPARATE THING AND</p> <p>23 IT HAD SOFTWARE AND YOU COULD PURCHASE THE SOFTWARE</p> <p>24 AND IT HAD FIVE DIFFERENT TYPES OF TRUSTS WHERE YOU</p> <p>25 COULD WRITE YOUR OWN TRUST, AND THEN THERE WAS A</p>
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<p>1 YOU KNOW, THE NEWSLETTER WENT OUT, YOU KNOW, ONLINE,</p> <p>2 AND OCCASIONALLY, ONE WENT OUT IN PRINT. LIKE, BUT</p> <p>3 IT WAS SO EXPENSIVE TO DO SO, SO IT WAS LIKE ONCE A</p> <p>4 YEAR. BUT, YEAH, THEY WOULD RECEIVE UPDATES.</p> <p>5 Q. WHAT, WHAT DID INTERNATIONAL BUSINESS SYSTEMS DO?</p> <p>6 WHAT WAS YOUR UNDERSTANDING ---</p> <p>7 A. IT WAS A JUST A WAY, A WAY TO -- INTERNATIONAL</p> <p>8 BUSINESS SYSTEMS IS A CORPORATION THAT WAS SET UP IN</p> <p>9 NEVIS, THE COUNTRY OF NEVIS. IT'S AN OFFSHORE</p> <p>10 CORPORATION, THOUGH IT NEVER HAD ANY OFFSHORE BANKS,</p> <p>11 NO OFFSHORE NOTHING. THE ONLY ACCOUNT IT EVER HAD</p> <p>12 WAS CHARLES SCHWAB. OKAY? AND ALL INTERNATIONAL</p> <p>13 BUSINESS SYSTEMS DID WAS HANDLE THE MERCHANT</p> <p>14 ACCOUNT. YOU KNOW, THERE WAS, INTERNATIONAL</p> <p>15 BUSINESS PER SE NEVER HAD MERCHANDISE. YOU KNOW</p> <p>16 WHAT I'M SAYING? OR ANYTHING LIKE THAT. IT WAS</p> <p>17 JUST, IT WAS ALMOST LIKE A D/B/A. YOU KNOW, IT WAS</p> <p>18 ALMOST LIKE THE AWARE GROUP DOING D/B/A, BUT I MEAN,</p> <p>19 NOT THAT IT -- IT WAS NEVER CLASSIFIED THAT WAY, BUT</p> <p>20 THAT'S WHAT IT ENDED UP BEING. YOU KNOW, THAT WAS</p> <p>21 JUST A PLACE TO PUT THE MONEY, SO THAT WE COULD TAKE</p> <p>22 CREDIT CARDS BECAUSE IF YOU GOT THEM, YOU KNOW,</p> <p>23 BUSINESS SPEAKING WISE, IF YOU WANT TO INCREASE YOUR</p> <p>24 BUSINESS, YOU NEED THE ABILITY TO TAKE MERCHANT, YOU</p> <p>25 KNOW, CREDIT CARDS.</p>	<p>1 MANUAL ON, YOU KNOW, HOW TO PROPERLY SET UP TRUSTS.</p> <p>2 Q. AND WHERE DID THAT SOFTWARE COME FROM?</p> <p>3 A. WELL, IT WAS, IT WAS -- THE TRUST ORIGINALLY STARTED</p> <p>4 AS HARD COPIES, AND THEN WHEN THE COMPUTER STARTED</p> <p>5 YOU KNOW, YOU'VE GOT TO THINK THIS WAS THE EARLY</p> <p>6 '90s, MID-'90s ---</p> <p>7 Q. THAT'S TRUE.</p> <p>8 A. AND STUFF, THAT THEY THEN WENT ON TO JUST BEING</p> <p>9 DOCUMENTS ON A FLOPPY AND THEN THEY WENT TO</p> <p>10 DOCUMENTS BEING ON CDs, AND THEN HE HIRED A</p> <p>11 PROGRAMMER TO MAKE IT INTO A PROGRAM AND JUST LIKE</p> <p>12 THE FREEDOM FILES BECAME, ALL THE AWARE STUFF ENDED</p> <p>13 UP ON A CD CALLED THE FREEDOM FILES THAT HAD A</p> <p>14 LITTLE SCREEN WITH A MENU AND STUFF. ALL THAT WAS</p> <p>15 DONE BY A PROGRAMMER THAT HE HIRED.</p> <p>16 Q. AND SO, WHEN MR. STRONG WAS ASKING YOU ABOUT</p> <p>17 TEMPLATES ---</p> <p>18 A. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>19 Q. IS THAT WHAT THE PROGRAMMER DID, IS HE MADE A</p> <p>20 TEMPLATE THAT THEY COULD ---</p> <p>21 A. RIGHT. RIGHT.</p> <p>22 Q. --- ENTER INFORMATION?</p> <p>23 A. LIKE, THERE WOULD BE A SCREEN THAT THEY COULD FILL</p> <p>24 IN WITH LIKE THE NAME OF THE BENEFICIARY AND THE</p> <p>25 NAME OF THE TRUSTEES OR THE NAME OF THE TRUST OR</p>

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<p>1 COUNTY OR WHATEVER AND STUFF AND HIT A BUTTON AND IT</p> <p>2 WOULD INSERT IT INTO THE DOCUMENT. IT WOULD</p> <p>3 COMPLETE THE DOCUMENT, SO THEN ALL THEY'D HAVE TO DO</p> <p>4 IS PRINT IT OUT.</p> <p>5 Q. AND WHAT WAS THE REPRESENTATION MADE TO CUSTOMERS</p> <p>6 WHO PURCHASED THOSE, THAT SOFTWARE, THOSE TEMPLATES?</p> <p>7 A. IT WAS JUST A FORM OF ASSET PROTECTION. IT WAS</p> <p>8 LIKE, IT, LIKE THE STORY THAT WAS USED WAS THAT</p> <p>9 YOU'RE IN A CAR ACCIDENT, YOU KNOW, AND THEY SUE</p> <p>10 YOU, YOU KNOW. A LOT OF TIMES HE USED THE TED</p> <p>11 KENNEDY, MARY JO KOPECHNE STORY ABOUT GOING OFF THE</p> <p>12 BRIDGE IN MASSACHUSETTS OR WHEREVER IT WAS AND</p> <p>13 STUFF, THAT HER FAMILY WENT TO SUE THE KENNEDYS BUT</p> <p>14 FOUND OUT THEY DIDN'T OWN ANYTHING BECAUSE</p> <p>15 EVERYTHING WAS OWNED BY A TRUST AND IT'S ASSET</p> <p>16 PROTECTION. YOU KNOW, PROTECTING, IT'S JUST LIKE IF</p> <p>17 YOU HAD AN L.L.C. OR SOMETHING YOU SET UP, YOU KNOW,</p> <p>18 TO PROTECT YOURSELF. AND IT WAS NEVER, IT WAS NEVER</p> <p>19 PRESENTED AS A FOR -- OKAY, LET ME -- I DON'T KNOW</p> <p>20 ABOUT ON THE VIDEO BECAUSE I NEVER SAW THE VIDEO,</p> <p>21 BUT PERSON TO PERSON AND EVERYTHING ELSE, THE TRUSTS</p> <p>22 WERE NEVER PRESENTED AS TAX HAVENS OR TAX AVOIDANCE</p> <p>23 OR ANYTHING LIKE THAT. IT WAS PRESENTED AS ASSET</p> <p>24 PROTECTION, AS A WAY TO PROTECT YOURSELF SO THAT IF</p> <p>25 JOE SHMOE FELL ON YOUR PROPERTY AND WANTED TO SUE</p>	<p>1 A. AND THEN TELL ME WHAT TO DO WITH IT. YOU KNOW, IT'S</p> <p>2 LIKE HE SPENT HIS DAYS STUDYING, STUDYING. HE HAD</p> <p>3 AMGER, HE HAD A NUMBER OF TAX BOOKS. HE HAD BLACK'S</p> <p>4 LAW DICTIONARIES. HE WAS ALL ABOUT THE BLACK'S LAW</p> <p>5 DICTIONARIES AND THE DEFINITIONS. HE REMINDED ME OF</p> <p>6 BILL CLINTON, WHAT THE DEFINITION OF IS IS, BUT HIS</p> <p>7 -- HIS DAYS WERE SPENT ON THE PHONE SELLING OR</p> <p>8 TALKING TO PEOPLE OR RESEARCHING AND READING AND</p> <p>9 COMING UP WITH IDEAS AND NEW THINGS OR INFORMATION</p> <p>10 TO SEND OUT OR THAT SORT OF STUFF.</p> <p>11 Q. AND I THINK YOU TOLD MR. STRONG THAT HE DID AT LEAST</p> <p>12 FOUR SEMINARS.</p> <p>13 A. YEAH, AT LEAST.</p> <p>14 Q. BUT YOU SAID THERE ALSO COULD BE MORE.</p> <p>15 A. YEAH. I JUST, THOSE ARE JUST THE ONES I REMEMBER</p> <p>16 BECAUSE I SET THEM UP. LIKE I SAID, AS AN ASSISTANT</p> <p>17 SORT OF ROLE, YOU KNOW, I WOULD SET UP THE SEMINARS.</p> <p>18 YOU KNOW, ARRANGE THE HOTEL, AND YOU KNOW THAT SORT</p> <p>19 OF THING.</p> <p>20 Q. COULD THERE HAVE BEEN MORE THAN TEN SEMINARS?</p> <p>21 A. NO.</p> <p>22 Q. OKAY. SO, LESS THAN TEN ---</p> <p>23 A. YEAH, I ---</p> <p>24 Q. --- BUT AT LEAST, FOUR.</p> <p>25 A. YEAH. BECAUSE I KNOW THERE WAS ONE IN ORLANDO AND I</p>
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<p>1 YOU, YOU, YOU KNOW, THE ONLY THING IN THIS TRUST WAS</p> <p>2 THIS HOUSE, AND YOU KNOW, AND THINGS SUCH AS THAT.</p> <p>3 Q. AND DID ALEX OR DID YOU REPRESENT THAT BY FILLING IN</p> <p>4 THAT TEMPLATE, THAT THAT WOULD BE A VALID TRUST?</p> <p>5 A. IF, IF THE RULES WERE FOLLOWED BECAUSE IT'S JUST A</p> <p>6 CONTRACT. IT'S JUST A DOCUMENT, BUT YOU KNOW, THERE</p> <p>7 ARE RULES OR A TRUST ISN'T VALID.</p> <p>8 Q. AND THEN, HOW WOULD A PERSON WHO WAS USING THAT</p> <p>9 TEMPLATE DETERMINE WHAT THE RULES WERE?</p> <p>10 A. THERE WAS A BOOK THAT WENT WITH IT. AT FIRST, THE</p> <p>11 BOOK WAS IN WRITING, WAS HARD COPY, BUT THEN IT JUST</p> <p>12 GOT PUT ONTO IT AND THEY COULD PRINT IT OFF.</p> <p>13 Q. AND WHO CREATED THAT BOOK?</p> <p>14 A. IT WAS A PLETHORA OF INFORMATION FROM VARIOUS</p> <p>15 SOURCES THAT ALEX FOUND. IT WAS ARTICLES. IT WAS</p> <p>16 INFORMATION. IT WAS CODE. IT WAS JUST, AND IT CAME</p> <p>17 FROM ALL OVER THE PLACE. THERE WAS NO ONE SOURCE</p> <p>18 FOR ANYTHING THAT ANY OF THESE ENTITIES PROVIDED.</p> <p>19 Q. EXPLAIN TO ME WHAT, I UNDERSTAND THAT YOU HANDLED</p> <p>20 THE DAY TO DAY OPERATIONS ---</p> <p>21 A. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>22 Q. --- OF THINGS. I WROTE DOWN THAT YOU SAID THAT</p> <p>23 ALEX'S DAY TO DAY WAS HE WOULD JUST READ ---</p> <p>24 A. HE WOULD RESEARCH.</p> <p>25 Q. --- INFORMATION AND RESEARCH.</p>	<p>1 KNOW THERE WAS ONE IN OREGON. AND I KNOW THERE WAS</p> <p>2 ONE IN PENNSYLVANIA. NOT PENNSYLVANIA.</p> <p>3 PHILADELPHIA. WELL, THAT IS PENNSYLVANIA. AND</p> <p>4 THEN, THERE WAS ONE IN GREENVILLE. AND I KNOW HE</p> <p>5 SPOKE AT SOMEONE ELSE'S SEMINAR. I'M THINKING IT</p> <p>6 WAS EITHER IN CHARLOTTE OR ATLANTA OR THE BEACH.</p> <p>7 SOMEWHERE IN THE CAROLINAS OR GEORGIA, BUT THAT'S</p> <p>8 ALL I CAN REMEMBER OFF THE TOP OF MY HEAD, AT LEAST</p> <p>9 WHILE WE WERE TOGETHER.</p> <p>10 Q. OKAY. AND HOW WOULD YOU ALL, I GUESS, ADVERTISE OR</p> <p>11 GET PEOPLE TO ATTEND THE SEMINAR?</p> <p>12 A. SEND IT OUT THROUGH THE DATABASE.</p> <p>13 Q. SO, LIKE A MASS MAILING OR A MASS EMAIL, I GUESS ---</p> <p>14 A. MM-HMM (AFFIRMATIVE RESPONSE). YES.</p> <p>15 Q. WHEN YOU ALL WERE FINALLY ELECTRONIC ---</p> <p>16 A. AND ALSO PUT AN ANNOUNCEMENT ON THE WEBSITE.</p> <p>17 Q. I THINK I'M ALMOST DONE. JUST GIVE ME ONE MOMENT.</p> <p>18 BY MS. SALVINI:</p> <p>19 I THINK THAT'S ALL I HAVE, JAMES.</p> <p>20 BY MR. STRONG:</p> <p>21 WHY DON'T WE TAKE, CAN WE TAKE A COUPLE MINUTE</p> <p>22 BREAK HERE? I'M JUST GOING TO LOOK AND THEN I'LL</p> <p>23 HAVE JUST A FEW MORE QUESTIONS ---</p> <p>24 BY THE WITNESS:</p> <p>25 OKAY.</p>

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<p>1 BY MR. STRONG:</p> <p>2 AND THEN WE'LL BE DONE FOR THE DAY.</p> <p>3 BY THE WITNESS:</p> <p>4 OKAY.</p> <p>5 (OFF THE RECORD 11:02 A.M. - 11:04 A.M.)</p> <p>6 RE-EXAMINATION BY MR. STRONG:</p> <p>7 Q. I JUST HAVE A COUPLE OF FOLLOW UP QUESTIONS ON WHAT</p> <p>8 MS. SALVINI ASKED YOU. YOU TOLD MS. SALVINI THAT</p> <p>9 ALEX WOULD NOT ALLOW YOU FOLKS TO FILE TAX RETURNS</p> <p>10 WHILE YOU WERE MARRIED.</p> <p>11 A. RIGHT.</p> <p>12 Q. DO YOU KNOW THE REASON FOR THAT?</p> <p>13 A. BECAUSE HE, HE DIDN'T WANT TO COME UNDER THE</p> <p>14 JURISDICTION.</p> <p>15 Q. CAN YOU EXPLAIN WHAT YOU MEAN BY THAT?</p> <p>16 A. LET ME, LET ME, LET ME, ALL RIGHT, LET ME SAY THIS.</p> <p>17 LET ME BACK UP A MINUTE. IT WAS UNDERSTOOD THAT WE</p> <p>18 WOULD NOT BE FILING TAXES BECAUSE ALEX WAS OF THE</p> <p>19 BELIEF THAT HE WAS NOT LIABLE.</p> <p>20 Q. DO YOU KNOW WHY HE BELIEVED THAT?</p> <p>21 A. IT ALL GOES BACK TO ALL THIS, ALL HIS RESEARCH.</p> <p>22 EVERYTHING HE HAD READ, EVERYTHING HE HAD STUDIED</p> <p>23 HAD LED HIM TO BELIEVE THAT.</p> <p>24 Q. IS THERE ANYTHING SPECIFIC THAT LED HIM TO BELIEVE</p> <p>25 THAT?</p>	<p>1 A. GOLD AND SILVER.</p> <p>2 Q. DID YOU -- SO, YOU FOLKS WEREN'T LIVING HAND TO</p> <p>3 MOUTH?</p> <p>4 A. NO. NO. WE WEREN'T WORRIED. WE WERE NOT, WE WERE</p> <p>5 BY NO MEANS RICH, BUT WE WERE COMFORTABLE.</p> <p>6 Q. AND WAS THAT PRETTY CONSISTENT THROUGHOUT THE</p> <p>7 RELATIONSHIP?</p> <p>8 A. YES, IN FACT, IT GOT BETTER THE LONGER WE WERE</p> <p>9 TOGETHER BECAUSE AS THE BUSINESS GREW, BUSINESS</p> <p>10 GREW.</p> <p>11 Q. SO, YOU WERE EARNING MORE AND MORE MONEY OVER ---</p> <p>12 A. YES.</p> <p>13 Q. OVER TIME?</p> <p>14 A. YEAH.</p> <p>15 Q. YOU TESTIFIED THAT PART OF ALEX'S DAY WAS ALSO SPENT</p> <p>16 ON THE PHONE SELLING.</p> <p>17 A. RIGHT.</p> <p>18 Q. WHAT WAS HE SELLING?</p> <p>19 A. AWARE STUFF.</p> <p>20 Q. WHO WAS HE SELLING IT TO?</p> <p>21 A. WHOEVER WOULD CALL IN. PEOPLE THAT, I MEAN, I</p> <p>22 DON'T, YOU KNOW, IT WAS PEOPLE THAT ARE IN THE</p> <p>23 DATABASE, YOU KNOW.</p> <p>24 Q. HE WASN'T MAKING COLD CALLS, THOUGH?</p> <p>25 A. NO. NO, NO, NO, NO, NO, NO. THESE WERE ALWAYS</p>
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<p>1 A. I DON'T KNOW. HE HAD THIS OPINION BEFORE I MET HIM.</p> <p>2 Q. YOU TESTIFIED REGARDING THE MONEY THAT WAS COMING IN</p> <p>3 FROM THE GROUPS WAS WHAT YOU AND ALEX LIVED ON.</p> <p>4 A. MM-HMM (AFFIRMATIVE RESPONSE).</p> <p>5 Q. THAT'S CORRECT?</p> <p>6 A. RIGHT.</p> <p>7 Q. HOW MUCH INCOME WAS COMING IN?</p> <p>8 A. WELL, I DID MY TAXES BASED OFF OF THE BANK</p> <p>9 STATEMENTS, WHICH OF COURSE, THE I.R.S. HAS, AND FOR</p> <p>10 THOSE YEARS, 2003, THEY HAD ME DO HALF OF THE INCOME</p> <p>11 BECAUSE HE AND I WERE STILL TOGETHER IN '03. OKAY?</p> <p>12 BECAUSE I LEFT HIM IN PART OF '03 AND STUFF, AND</p> <p>13 HALF OF THAT WAS, THIS IS OFF THE TOP OF MY HEAD.</p> <p>14 IT WAS OVER A HUNDRED THOUSAND.</p> <p>15 Q. WELL, LET ME ASK THE QUESTION A DIFFERENT WAY.</p> <p>16 A. OKAY.</p> <p>17 Q. HOW WOULD YOU CHARACTERIZE YOUR STANDARD OF LIVING</p> <p>18 WHILE YOU WERE FOLKS WERE OPERATING THESE BUSINESSES</p> <p>19 TOGETHER?</p> <p>20 A. WE WERE COMFORTABLE. WE DIDN'T TAKE EXOTIC</p> <p>21 VACATIONS. WE ATE OUT A LOT. HE DID BUILD A DECK</p> <p>22 OFF THE BACK OF THE HOUSE, BUT MOST INCOME, MOST</p> <p>23 MONIES COMING IN WERE TRANSFERRED INTO OTHER ASSETS</p> <p>24 AND PUT AWAY.</p> <p>25 Q. WHAT OTHER ASSETS?</p>	<p>1 PEOPLE WHO CALLED HIM OR ASKED HIM TO CALL THEM.</p> <p>2 NO, NO, HE NEVER -- HE DIDN'T NEED TO COLD CALL.</p> <p>3 Q. BECAUSE THE INCOME THAT WAS COMING IN WAS ---</p> <p>4 A. MM-HMM (AFFIRMATIVE RESPONSE). AND ENOUGH PEOPLE</p> <p>5 WERE CALLING. HE WOULD, WHEN WE WERE FIRST</p> <p>6 TOGETHER, HE WOULD HAVE ME HAVE THE WORK PHONE IN</p> <p>7 THE BEDROOM AND IF SOMEONE CALLED AT THREE O'CLOCK</p> <p>8 IN THE MORNING, THE PHONE WAS SUPPOSED TO BE</p> <p>9 ANSWERED.</p> <p>10 Q. YOU ALSO TESTIFIED THAT HE WOULD CONSULT TAX BOOKS.</p> <p>11 A. MM-HMM (AFFIRMATIVE RESPONSE). ACTUAL FEDERAL</p> <p>12 BOOKS.</p> <p>13 Q. DO YOU RECALL THE TITLE OF ANY OF THESE OR ---</p> <p>14 A. WHATEVER THE CODE IS FOR THE I.R.S., WHATEVER THE</p> <p>15 I.R.S. CODE IS, TITLE WHATEVER ---</p> <p>16 Q. OKAY. SO, HE WAS CONSULTING THE ACTUAL ---</p> <p>17 A. YEAH, YEAH. I'M TALKING ABOUT THE ACTUAL CODES.</p> <p>18 Q. OKAY. WHEN YOU PREPARED THIS AFFIDAVIT THAT WE HAVE</p> <p>19 BEEN DISCUSSING, PLAINTIFF'S EXHIBIT ONE IN FRONT OF</p> <p>20 YOU. YOU CONSULTED WITH AN ATTORNEY THOUGH ---</p> <p>21 A. YES.</p> <p>22 Q. --- BEFORE YOU SIGNED THAT.</p> <p>23 A. YES.</p> <p>24 Q. AND HE, YOU FELT COMFORTABLE WITH HIS, WITH HIS</p> <p>25 REPRESENTATION OF YOU?</p>

Heather Ferguson

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<p style="text-align: right;">Page 74</p> <p>1 A. OH, YEAH. WITH HIS REPRESENTATION, YEAH, IT WAS 2 FINE. 3 Q. YOU TESTIFIED THAT ALEX OR MR. ALEXANDER DID NOT 4 HOLD HIMSELF OUT AS AN ATTORNEY. 5 A. NO. 6 Q. DID HE HOLD HIMSELF OUT, THOUGH, AS AN AUTHORITY ON 7 THESE PATRIOT TOPICS? 8 A. OH, YES. 9 Q. AND DID HE HOLD HIMSELF OUT AS, YOU KNOW, AS THIS IS 10 INFORMATION THAT IS, THAT HE'S RESEARCHED? 11 A. YES. 12 Q. AND THAT HE CONCLUDED WAS VALID? 13 A. YES. 14 BY MR. STRONG: 15 I THINK THAT'S ALL I HAVE. 16 BY THE WITNESS: 17 CAN I SAY SOMETHING? 18 BY MR. STRONG: 19 PLEASE. 20 BY THE WITNESS: 21 BECAUSE I WANT THIS CLARIFIED BECAUSE THIS HAS 22 BEEN OUT THERE FOREVER AND IT HAS ALWAYS BEEN WRONG, 23 AND THAT HE OR I EVER FILLED OUT TAX FORMS FOR OTHER 24 PEOPLE. NEVER, EVER, EVER WAS THAT DONE, AND I WANT 25 THAT CLARIFIED THAT, AND I WANT IT ON THE RECORD</p>	<p style="text-align: right;">Page 76</p> <p>1 BY MR. STRONG: 2 -- YOU'LL HAVE, IF YOU ELECT TO, YOU'LL HAVE 30 3 DAYS, THE OPPORTUNITY TO REVIEW THAT INFORMATION --- 4 BY THE WITNESS: 5 MM-HMM (AFFIRMATIVE RESPONSE). 6 BY MR. STRONG: 7 CHECK IT FOR ACCURACY. LET HER KNOW IF THERE 8 ARE ANY ERRORS IN TESTIMONY OR WHATNOT. 9 BY THE WITNESS: 10 RIGHT. 11 BY MR. STRONG: 12 OR YOU CAN WAIVE THAT. 13 BY THE WITNESS: 14 RIGHT. 15 BY MR. STRONG: 16 WE SAID WE WOULD WAIT UNTIL THE END OF THE 17 DEPOSITION --- 18 BY THE WITNESS: 19 RIGHT. YEAH. I WOULD LIKE A COPY OF IT AND TO 20 REVIEW IT BEFORE I SIGN IT. 21 BY MR. STRONG: 22 OKAY. SHE WILL, SHE WILL NEED YOUR ADDRESS --- 23 BY THE WITNESS: 24 RIGHT. 25 BY MR. STRONG:</p>
<p style="text-align: right;">Page 75</p> <p>1 THAT WE NEVER FILED TAXES FOR ANYBODY, NOT EVEN 2 OURSELVES, MUCH LESS, MUCH LESS ANYBODY ELSE. LIKE 3 THERE WAS A BIG ARGUMENT, THE BIG THING WAS THE ZERO 4 RETURN SO THEY COULDN'T GET YOU FOR NOT FILING AND 5 SO, NEVER, NOTHING, WAS THAT EVER DONE, SO I JUST 6 WANT THAT CLARIFIED AND ON THE RECORD. THAT WAS 7 NEVER DONE WHILE WE WERE TOGETHER. 8 BY MS. SALVINI: 9 THAT'S ALL I HAVE. 10 BY MR. STRONG: 11 OKAY. BEFORE MS. SALVINI GOT HERE, I HAD 12 EXPLAINED TO YOU YOUR RIGHT TO WAIVE OR TO REVIEW 13 AND SIGN YOUR DEPOSITION. 14 BY THE WITNESS: 15 MM-HMM (AFFIRMATIVE RESPONSE). 16 BY MR. STRONG: 17 DO YOU RECALL THAT CONVERSATION? 18 BY THE WITNESS: 19 RIGHT. 20 BY MR. STRONG: 21 DURING THAT TIME, I HAD SAID THAT ONCE THE 22 COURT REPORTER FINISHES YOUR DEPOSITION TRANSCRIPT 23 --- 24 BY THE WITNESS: 25 MM-HMM (AFFIRMATIVE RESPONSE).</p>	<p style="text-align: right;">Page 77</p> <p>1 YOU CAN GIVE THAT AFTER, AFTER THE --- 2 BY THE WITNESS: 3 OKAY. 4 BY MR. STRONG: 5 AFTER THE DEPOSITION. THANK YOU. 6 BY THE WITNESS: 7 THANK YOU. 8 (THERE BEING NO OTHER QUESTIONS, THE DEPOSITION WAS 9 CONCLUDED AT THE HOUR OF 11:10 A.M.)</p>

Heather Ferguson

July 27, 2009

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1 IN THE UNITED STATES DISTRICT COURT
2 DISTRICT OF SOUTH CAROLINA
3 C.A. NO. 6:08-CV-3760

4 UNITED STATES OF AMERICA,
5 PLAINTIFF,
6 VERSUS
7 JOHN HOWARD ALEXANDER,
8 DEFENDANT.
9

10 I, JILL BISHOP EDWARDS, A NOTARY PUBLIC FOR THE
11 STATE OF SOUTH CAROLINA, DULY COMMISSIONED AND QUALIFIED
12 AS SUCH, DO HEREBY CERTIFY THAT THE FOREGOING 75 PAGES
13 REPRESENT A TRUE AND ACCURATE TRANSCRIPT OF THE FOREGOING
14 DEPOSITION OF HEATHER FERGUSON TAKEN BY ME ON THE 27TH
15 DAY OF JULY, 2009.

16 THAT THE DEPONENT WAS DULY PLACED UNDER OATH AND
17 ADMONISHED TO SPEAK THE WHOLE TRUTH. THAT THE ORAL
18 TESTIMONY WAS DULY TAKEN AND TRANSCRIBED AS TO THE
19 QUESTIONS PROPOUNDED AND THE ANSWERS GIVEN.

20 THAT ALL OFFERED EXHIBITS, STIPULATIONS AND
21 OBJECTIONS, IF ANY, INVOLVED IN THIS CAUSE ARE DULY
22 ATTACHED OR INCLUDED HEREIN.

23 IN WITNESS WHEREOF, I HAVE SET MY HAND AND OFFICIAL
24 SEAL THIS 11TH DAY OF AUGUST, 2009.
25

17
18
19 _____
20 JILL BISHOP EDWARDS
21 NOTARY PUBLIC FOR SOUTH CAROLINA
22 MY COMMISSION EXPIRES: 7-10-2010

23 * THIS TRANSCRIPT MAY CONTAIN QUOTED MATERIAL. SUCH
24 MATERIAL IS REPRODUCED AS READ OR QUOTED BY THE
25 SPEAKER.

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1 UNITED STATES OF AMERICA,
2 PLAINTIFF,
3

4 VERSUS

5 JOHN HOWARD ALEXANDER,
6 DEFENDANT.
7

8 ERRATA SHEET

9 I, HEATHER FERGUSON, HAVE READ THE FOREGOING 77
10 PAGES OF TESTIMONY GIVEN BY ME ON 7.27.09.

11 THIS TESTIMONY SHOULD BE CORRECTED AS FOLLOWS:

12 PAGE LINE CHANGE FROM CHANGE TO REASON
13
14
15

16 SUBJECT TO THE FOREGOING CORRECTIONS, MY TESTIMONY IS AS
17
18 CONTAINED IN THE DEPOSITION TRANSCRIPT.
19

20 THIS _____ DAY OF _____, 2009
21
22

23 _____
24 DEPONENT SIGNATURE NOTARY PUBLIC FOR S.C.
25 MY COMMISSION EXPIRES:

21 (Pages 78 to 79)

**UNITED STATES DISTRICT COURT FOR THE
DISTRICT OF SOUTH CAROLINA
GREENVILLE DIVISION**

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
)	
)	Civil Case No. 6:08-cv-3760-GRA
v.)	
)	
)	
JOHN HOWARD ALEXANDER,)	ANSWER OF JOHN-HOWARD
a/k/a HOWARD IRA SMALL,)	("ALEX") ALEXANDER, a/k/a
individually and as TRUSTEE OF THE)	HOWARD IRA SMALL and as
ALEXANDER FAMILY TRUST)	THE TRUSTEE OF THE
)	ALEXANDER FAMILY TRUST
)	TO PLAINTIFF'S
)	INTERROGATORIES, SET ONE
Defendant.)	
)	

PROPOUNDING PARTY: Plaintiff, UNITED STATES OF AMERICA

RESPONDING PARTY: Defendant, JOHN HOWARD ALEXANDER

SET NUMBER: ONE

Plaintiff hereby initially responds pursuant to the Federal Rules of Civil Procedure to the Interrogatories propounded by Plaintiff as follows.

RESERVATION OF RIGHTS

1. Responding to the Interrogatories, Defendant does not waive any objections which may be appropriate to (a) use by Defendant or any answer to these Interrogatories for any purpose or (b) the materiality of any of the Interrogatories to any issue in the case.
2. Defendant specifically reserves all right to objections which may otherwise be available to him and further states that no response should be deemed as an admission of relevancy, materiality or admissibility into evidence (of any particular interrogatory or the response thereto). Defendant further reserves the right to alter or amend his answers to be more accurate if other information becomes available to him at a subsequent time.

3. The answers herein are subject to the rights of Defendant to object and not be bound at any time to a demand for further response to these or other interrogatories or other discovery procedures.

GENERAL OBJECTIONS

1. Defendant objects to responding to any Interrogatory that seeks information which constitutes confidential attorney-client communications or which falls within the scope of the attorney work-product doctrine.
2. Defendant objects to responding to any Interrogatory that exceeds the scope and limits of discovery set forth in the Federal Rules of Civil Procedure.

ANSWERS TO INTERROGATORIES

1. Identify the person answering these interrogatories and requests for production of documents.

ANSWER: John Howard Alexander, with the assistance of his attorney, Bradley Bennett (and Jessica Salvini, Mr. Bennett's law partner).

2. Identify each individual likely to have discoverable information that you may use to support your claims or defenses.

ANSWER:

- a. Defendant, John Howard Alexander
- b. Heather Alexander Ferguson
Former Spouse of Defendant
Address & Telephone Number Unknown
864-967-3238 (Sister's, Kelly's, Telephone Number)
- c. Marc J. Winter
Bankruptcy Attorney
Taylor, Simonson & Winter
144 North Indian Hill Blvd.
Claremont, CA 91711
(714) 625-4785

Defendant reserves the right to supplement his response to this interrogatory.

3. If you dispute the accuracy of the income tax assessments against you as set forth in paragraph 9 of the complaint, please state the facts and identify any documents in your

possession or under your custody and control or in the possession or custody and control of anyone other than you to support your position.

ANSWER:

Defendant disputes the income tax assessments set forth in paragraph 9 of the Complaint. The basis of Defendant's objection is that he did not have any employment or other source of revenue from 1990 through 1995. Further, Defendant filed for Bankruptcy on or about June 3, 1991. During those years, Defendant's mother supported him financially. Defendant does not have any documents in his possession to support his claims herein. However, Defendant asserts his mother's bank records from BB& T and her account at the South Carolina Telco Credit Union will support his claim that his mother financially supported him.

Defendant reserves the right to supplement his response to this interrogatory.

4. If you dispute the accuracy of the civil penalty assessments against you as set forth in paragraph 45 of the complaint, please state the facts and identify any documents in your possession or under your custody and control or in the possession or custody and control of anyone other than you to support your position.

ANSWER:

Defendant disputes the income tax assessments set forth in paragraph 45 of the Complaint. The basis of the Defendant's objection is that he asserts there is no basis for the government to assess a civil penalty against Defendant. Defendant does not have any documents in his possession to support his objection. However, as stated herein above, Defendant's mother's bank records will support his claim that his mother supported him.

Defendant reserves the right to supplement his response to this interrogatory.

5. Identify all bank accounts, mutual funds, investment funds, and other financial and commercial accounts in which defendant has or has had an interest at any time since January 1, 2000. For each account, provide the financial institution's name and address, the name on the account, and the account number.

ANSWER:

Defendant did not have any personal bank accounts (until on or about December 2008 or January 2009), mutual funds, or investment funds.

- a. Bank Account: John Howard Alexander
Account Number Will Be Made Available

Bank of Travelers Rest
42 Plaza Drive
Greenville, SC

- b. Bank Account: John Howard Alexander
Freedom Trust Group
Account No. 10105030920

Bank of Travelers Rest
42 Plaza Drive
Travelers Rest, SC 29690

- c. Bank Account: John Howard Alexander
Aware Group
Account Number Unknown

Bank of Travelers Rest
42 Plaza Drive
Travelers Rest, SC 29690

- d. Bank Account: John Howard Alexander
Absolute Solutions
Account No. 105030920

Bank of Travelers Rest
42 Plaza Drive
Travelers Rest, SC 29690

Defendant cannot recall having any other bank accounts; but states that if he did have an account or an interest in any accounts it would have been at the Bank of Travelers Rest in South Carolina. However, Defendant may have had signing authority on his former spouse's (Heather Ferguson's) bank account(s). Defendant does not recall the banking institutions in which Heather Ferguson maintained an account.

Defendant reserves the right to supplement his response to this interrogatory.

6. Identify, by name, taxpayer identification number (i.e. Social Security number or employer identification number), address, telephone number, and e-mail address all defendant's customers who purchased tax-related products, including pure trusts, the "Reliance Defense" package, and the "Redemption" program from January 1, 2000 to December 31, 2005.

ANSWER:

Defendant does not have any information to be able to identify by name, identification number, address, telephone number and/or email address Defendant's purported customers who purchased tax-related products: the "Reliance Defense" package, and/or the "Redemption" program from January 1, 2000. Defendant states that his former spouse, Heather Ferguson, maintained all records on her computer, which is not in Defendant's possession.

7. To the extent that you contend that persons whom you assisted in forming trusts are entitled to federal income tax benefits through the use of trusts, state the basis for your contention.

ANSWER:

Defendant's position is that the value of a contract of trust is that an individual may be able to protect assets from identity theft through the use of trusts. There may or may not be federal tax consequences or benefits from the use of a contract of trust.

Defendant has never represented that individuals who formed contract of trusts are entitled to federal income tax benefits through the use of a contract of trust. Rather, Defendant informed individuals he assisted they would have to consult a tax professional or their Certified Public Accountant regarding their tax issues and/or potential tax issues.

8. Explain why you contend that the "Reliance Defense" letters you sold provided a basis for your customers' exemption from taxation or a defense to criminal tax offenses.

ANSWER:

Defendant does not maintain nor can he disavow that the "Reliance Defense" letters formed a basis for his purported customer's to be exempt from taxation or a defense to criminal tax offenses. Defendant provided his purported customers with information that appeared to have some basis of legitimacy.

9. Explain in detail the "Redemption" program sold by defendant through the Aware Group or the Freedom Trust Group.

ANSWER:

Defendant states that the "Redemption" program was a program that for every individual born in the United States there are two identities for that person: the living breathing person and a "straw man" for that individual and how the United States assert jurisdiction over those two identities.

Defendant reserves the right to supplement his response to this interrogatory.

10. Explain in detail defendant's contention that individuals earning U.S. source income are not required to file income tax returns to pay federal taxes.

ANSWER:

Defendant cannot respond to this interrogatory without a definition from the Plaintiff's of the term "income" and the term "United States."

11. Identify all tax-related seminars in which defendant participated from January 1, 1997.

ANSWER:

Defendant states that he did not participate in any tax-related seminars. Defendant asserts that he participated in seminars, but those seminars were over all "freedom related" questions, issues and information sharing.

12. Describe in detail the services and products Defendant provided to customers of the Aware Group, the Freedom Trust Group and International Business Systems.

ANSWER:

Defendant states that the International Business Systems did not provide any purported customers with any products. International Business Systems was a referral service.

Defendant states the Aware Group had Freedom File CD's that contained information that was motivational, had case law, trust information, land tax, Redemption, Reliance Letters, and other miscellaneous info. that was provided to individuals. Defendant also would review information or documents provided to Defendant by individuals.

Defendant states the Freedom Trust Group provided a CD that had contract templates regarding establishing a contract of trust. No other "services" were provided.

13. Identify all sources of income that defendant has had, including the amounts of income, at any time: a(between January 1, 1989 and December 31, 1994 and b) since January 1, 2000.

ANSWER:

Defendant cannot respond to this interrogatory without the Plaintiff defining the term "income."

14. Identify any trust in which defendant has had an interest of fiduciary duty as trustee. Identify by name, taxpayer identification number (i.e. Social Security number or employer identification number), address, telephone number, and e-mail address all settlers, trustees, and beneficiaries of the trust. Identify the property of the trust.

ANSWER:

Defendant had an interest in or had a fiduciary duty in the following contract of trusts:

- a. Alexander Family Trust: Real Property identified in the Complaint.
 - b. Associated Management Trust: No contract of trust property in existence; formed on or about 1994. Defendant is the Trustee for this contract of trust.
15. Identify any real property in which defendant has had an interest or fiduciary duty as trustee. For each parcel of property, identify by count and state and provide a legal description and street address.

ANSWER:

Defendant states the only interest he has in any real property is the interest in the contract of trust of the Alexander Family Trust as Trustee.

Respectfully Submitted this 26th day of June, 2009,

s/John Howard Alexander
John Howard Alexander

Not Reported in F.Supp., 1993 WL 78311 (D.Minn.), 71 A.F.T.R.2d 93-989, 93-1 USTC P 50,087
(Cite as: **1993 WL 78311 (D.Minn.)**)

H

United States District Court, D. Minnesota, Third
Division.

James L. NOSKE and Joan M. Noske, Plaintiffs,
v.

UNITED STATES of America, Defendant.
No. 3-92 CIV 169.

Jan. 14, 1993.

ORDER

ALSOP, District Judge:

*1 This matter came before the Court on December 11, 1992, on the plaintiffs' Motion for Injunctive Relief pursuant to [26 U.S.C. § 6703\(c\)\(1\)](#).

I. BACKGROUND

On December 16, 1985, the Internal Revenue Service (the "IRS") sent to each of the plaintiffs, James and Joan Noske (the "Noskes"), a notice assessing a \$186,000 penalty under [26 U.S.C. § 6700](#) "for promoting an abusive tax shelter." This section of the Internal Revenue Code provides, in relevant part, that any person promoting abusive tax shelters "shall pay a penalty equal to the greater of \$1000 or 20 percent of the gross income derived or to be derived by such person from such activity." [26 U.S.C. § 6700](#). The \$186,000 assessments were calculated by multiplying 186 trust transactions by \$1000. This method of calculating a penalty is commonly referred to as a "transactional" or "per sale" assessment.

The Noskes contested these assessments by paying \$150 each and filing administrative claims. After the IRS failed to respond to these administrative claims, the Noskes filed civil actions in federal court, challenging the assessments and seeking a refund of the sums they had paid. The IRS argued

that the Noskes had not filed administrative claims, which are a prerequisite to the district court's jurisdiction, and, for that reason, these lawsuits were dismissed. The IRS eventually found the claim forms and admitted in a "Declaration ... Re: Newly Discovered Evidence" that they had been timely filed. In this declaration, although the government admitted that it had found the Noskes' claim forms, it still insisted that subject matter jurisdiction did not exist because the Noskes' claim forms did not specifically set forth the legal and factual basis for their claims. Therefore, the government argued, the original civil actions should not be reinstated, and the Noskes should have to file new administrative claims to properly invoke the district court's jurisdiction.

Joan Noske paid an additional \$850 to the IRS and James Noske paid an additional \$2850 to the IRS, and, on January 15, 1986, they each filed a second administrative claim. The IRS did not respond to these claims, and the Noskes filed civil refund actions in district court on June 10, 1987. See [Joan M. Noske v. United States](#) [88-2 USTC ¶ 9582], No. 6-87-399 (D.Minn.) and [James L. Noske v. United States](#) [88-2 USTC ¶ 9582], No. 6-87-400 (D.Minn.) (collectively referred to as "the refund actions").

To invoke the jurisdiction of the district court in a refund action, a person that has been assessed a tax penalty normally must first pay the full amount of the assessment. However, because the Noskes' assessments had been calculated on a "per-transaction" basis, they were able to invoke the jurisdiction of the district court by each paying the assessment for one transaction.

In their refund actions, the Noskes challenged the assessed penalties and sought a refund of the sums they paid to the IRS. In response, the government admitted that the Noskes had properly invoked the jurisdiction of the district court and counterclaimed against each of the Noskes for the balance of the as-

Not Reported in F.Supp., 1993 WL 78311 (D.Minn.), 71 A.F.T.R.2d 93-989, 93-1 USTC P 50,087
(Cite as: 1993 WL 78311 (D.Minn.))

assessments.

*2 On May 15, 1989, while the Noskes' refund actions were pending in district court, the Eighth Circuit held that a [section 6700](#) penalty must be assessed on the basis of the greater of \$1000 or 20% of the tax shelter income and that a \$1000 penalty may not be assessed on a transactional or "per sale" basis. See *Gates v. United States* [89-1 USTC ¶ 9328], 874 F.2d 584, 586-87 (8th Cir.1989).

On June 22, 1989, the IRS notified the Noskes that, in light of *Gates*, it would recalculate their penalties using the percentage-of-gross-income method.

On August 29, 1989, the district court, *sua sponte*, dismissed the Noskes' refund actions for lack of subject matter jurisdiction. Because *Gates* held that [section 6700](#) penalties are not divisible into separate transactions, the court reasoned that the Noskes were each required to pay the full assessment (\$186,000) to properly invoke the district court's jurisdiction. The Noskes had not paid the full assessments, and, therefore, the court dismissed the refund actions for lack of subject matter jurisdiction.

The Noskes appealed this order of dismissal, and the Eighth Circuit reversed. See *Noske v. United States* [90-2 USTC ¶ 50,449], 911 F.2d 133, 137 (8th Cir.1990). Specifically, the Eighth Circuit held that "the *Gates* non-divisibility holding should not be applied retroactively to divest the district court of subject matter jurisdiction." *Id.* at 136. The Noskes' refund actions were reinstated in the district court.

On November 6, 1989, the IRS notified the Noskes that their penalties had been recalculated under the "percentage-of-gross-income" method authorized by *Gates*. The Noskes were each assessed the additional amount of \$304,174, for a total assessment of \$490,174 each.

On February 27, 1992, the government obtained an *ex parte* order that (1) stayed the civil proceedings

in the refund actions pending disposition of a criminal investigation and (2) granted the government a protective order that stayed all discovery in the refund actions.^{FN1} On March 11, the refund actions were transferred to the undersigned United States District Judge.

On March 16, 1992, the Noskes began this lawsuit ("the injunction action") by filing a "Complaint for Injunctive Relief." In this action, the Noskes ask this Court for injunctive relief against the IRS' collection activities on the [section 6700](#) penalties.

The Noskes brought a motion in the refund actions on May 29, 1992, to vacate the *ex parte* order and lift the stay. On July 28, 1992, this Court issued an order in the refund actions that kept the stay in place on the condition that the government refrain from any collection activities against the Noskes with respect to the [section 6700](#) penalties. The order also granted the Noskes permission to renew their motion to lift the stay in six months.

The government brought a motion on May 29, 1992, to dismiss the Noskes' injunction action for lack of subject matter jurisdiction. The Court issued an order on July 28, 1992, denying that motion. In large part, this order resulted from the government's untenable argument that it should be allowed to proceed with collection activities on the [section 6700](#) penalties while the Noskes' refund actions should remain stayed.

*3 On December 11, 1992, the Noskes brought their present motion for injunctive relief from the government's collection activities. The Noskes ask this Court for an order requiring the government to remove tax lien notices that have been filed against them.^{FN2}

II. ANALYSIS

The Noskes seek relief under [26 U.S.C. § 6703\(c\)\(1\)](#). This section of the Internal Revenue Code allows a person assessed a penalty under [section 6700](#) to stay certain types of government col-

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lection activity by paying fifteen percent of the assessed penalty and filing an administrative claim. The government argues that the Noskes are not entitled to protection under section 6703(c)(1) because they did not pay the requisite fifteen percent of their \$186,000 penalties before filing their administrative claim.^{FN3} The Noskes admit that they have not paid fifteen percent of that amount, but they argue that the Eighth Circuit, in *Noske v. United States* [90-2 USTC ¶ 50,449], 911 F.2d 133 (8th Cir.1990), held that they had nonetheless properly invoked the jurisdiction of the district court under section 6703(c). To properly resolve this motion, it is first necessary to step back and examine the law applicable to both the Noskes' refund actions and this injunction action.

Federal district courts are granted subject matter jurisdiction for tax penalty refund actions by 26 U.S.C. § 1346(a)(1), which provides that “[t]he district courts shall have original jurisdiction ... of [a]ny civil action against the United States for the recovery of any internal-revenue tax alleged to have been erroneously or illegally assessed or collected, or any penalty claimed to have been collected without authority.” To invoke a district court's jurisdiction under this statute, a plaintiff is normally required to pay the full amount of the tax or penalty before filing a refund action (the “full payment rule”). See *Flora v. United States* [58-2 USTC ¶ 9606], 357 U.S. 63, 75 (1958), *aff'd on reh'g* [60-1 USTC ¶ 9347], 362 U.S. 145 (1960). However, a judicially-created exception to this rule exists when a plaintiff is challenging a “divisible” assessment. In that circumstance, the plaintiff may invoke the district court's jurisdiction by paying one of the divisible assessments (the “divisible penalty exception”). *Flora* [60-1 USTC ¶ 9347], 362 U.S. at 171 n. 37, 175 n. 38.

Section 6703(c) of the Internal Revenue Code provides a statutory exception to the full payment rule and establishes special procedures that are available to individuals assessed penalties under 26 U.S.C. § 6700. See *Thomas v. United States* [85-1

USTC ¶ 9263], 755 F.2d 728, 729 (9th Cir.1985). In relevant part, section 6703(c) reads as follows:

(c) Extension of period of collection where person pays 15 percent of penalty.

(1) In general. If, within 30 days after the day on which notice and demand of any penalty under section 6700 ... is made against any person, such person pays an amount which is not less than 15 percent of the amount of such penalty and files a claim for refund of the amount so paid, no levy or proceeding in court for the collection of the remainder of such penalty shall be made, begun, or prosecuted until the final resolution of a proceeding begun as provided in paragraph (2). Notwithstanding the provisions of [the Anti-Injunction Act], the beginning of such proceeding or levy during the time such prohibition is in force may be enjoined by a proceeding in the proper court....

***4 (2) Person must bring suit in district court to determine his liability for penalty.** If, within 20 days after the day on which his claim for refund of any partial payment of any penalty under section 6700 ... is denied (or, if earlier, within 30 days after the expiration of 6 months after the day on which he filed the claim for refund), the person fails to begin a proceeding in the appropriate United States district court for the determination of his liability for such penalty, paragraph (1) shall cease to apply with respect to such penalty, effective on the day following the close of the applicable 30-day period referred to in this paragraph.

Id. To summarize, a person assessed penalties under section 6700 may stay “any levy or proceeding in court for collection” by paying fifteen percent of the penalty and filing an administrative claim for a refund. 26 U.S.C. § 6703(c)(1). If this claim is denied, the claimant must bring a civil action in district court within twenty days, or the stay will be lifted. 26 U.S.C. § 6703(c)(2). If the IRS does not respond to the claim within six months, the stay will be lifted unless the claimant files a civil action

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in district court within thirty days. *Id.*

In 1985, when the Noskes were first assessed penalties under [section 6700](#), the IRS calculated these assessments on a transactional basis. The Noskes' penalties were, therefore, "divisible" for purposes of the divisible penalty exception. Accordingly, the Noskes could have invoked the jurisdiction of the district court in two different ways.^{FN4} The Noskes could have each paid fifteen percent of their respective \$186,000 penalties and invoked the special protection of [section 6703\(c\)\(1\)](#), or they could have each paid one of the divisible assessments and invoked the district court's jurisdiction through the divisible penalty exception.

The Noskes elected to proceed under the divisible penalty exception.^{FN5} In 1989, however, the Eighth Circuit held that [section 6700](#) penalties are not divisible and should not be assessed on a "per-transaction" basis. See *Gates v. United States* [89-1 USTC ¶ 9328], 874 F.2d 584, 586 (8th Cir.1989).^{FN6} This meant that the divisible penalty exception could not be used to invoke the jurisdiction of the district court for a refund action challenging a [section 6700](#) penalty. The district court subsequently dismissed the Noskes' refund actions for lack of subject matter jurisdiction because they had relied on the divisible penalty exception to invoke the court's jurisdiction.

When the Eighth Circuit reversed the district court's dismissal of the Noskes' refund actions, it decided a narrow question of law. The Eighth Circuit noted that the *Gates* court had "not applied its non-divisibility ruling to divest the district court of subject matter jurisdiction," and it declined to do so with regard to the Noskes. *Noske v. United States* [90-2 USTC ¶ 50,449], 911 F.2d 133, 137 (8th Cir.1990). In other words, if a plaintiff originally invokes the jurisdiction of the district court under the divisible penalty exception, that plaintiff's lawsuit will not be dismissed when it is later established that the penalty he or she was assessed is not divisible.

*5 Although the applicability of [section 6703\(c\)](#) to the Noskes' refund actions was not before the Eighth Circuit in *Noske*, it was discussed in dictum. The court first rejected the Noskes' argument that they could establish jurisdiction under [section 6703\(c\)\(2\)](#) upon payment of any amount, even if it was less than fifteen percent of the assessed penalty. *Noske* [90-2 USTC ¶ 50,449], 911 F.2d at 136. The court then inserted a footnote that both the Noskes and the government cite in support of their positions in the present motion. This footnote reads as follows:

After *Gates* ..., taxpayers like the Noskes who have been assessed a § 6700 penalty must pay 15% of the full amount of the penalty assessed before they can stop collection proceedings, file an administrative claim and file a refund suit. In the present case neither Joan M. Noske nor James L. Noske has paid either 15% of the initial penalty assessment (15% of \$186,000 = \$27,900) or the reassessment (15% of \$490,174 = \$73,526.10) necessary to invoke jurisdiction under this exception.

Id. at 136 n. 2. On the basis of this footnote, the Noskes argue that the Eighth Circuit held that they had properly invoked the district court's jurisdiction under [section 6703\(c\)](#). The Noskes focus on the first sentence in the footnote and argue that the phrase "[a]fter *Gates*" implies that, because their refund actions were filed before *Gates*, they do not have to pay fifteen percent of their assessed penalties to invoke [section 6703\(c\)\(1\)](#) protection. The government focuses on the second sentence in the footnote and argues that the Eighth Circuit expressly found that the Noskes did not meet the statutory requirements of [section 6703\(c\)\(1\)](#).

Although this footnote is somewhat confusing, the two apparently contradictory sentences can be reconciled if they are read in the context of the procedural history of the Noskes' refund actions. As the Court has previously explained, when the Noskes began their refund actions, they had the option of either paying fifteen percent of the penalty and

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proceeding under [section 6703\(c\)](#) or paying a divisible penalty and invoking the jurisdiction of the district court through the divisible penalty exception. In the first sentence of the footnote, the court simply recognized that, after *Gates*, the second option is no longer viable because [section 6700](#) penalties are not divisible. In the second sentence, the court noted that the Noskes had not met the requirements of [section 6703\(c\)](#). Therefore, the Noskes' refund actions would have been properly dismissed, but for the Eighth Circuit's decision that *Gates* should not be applied retroactively to divest district courts of subject matter jurisdiction. This Court concludes that the Eighth Circuit did *not* hold that the Noskes had invoked the jurisdiction of the district court under [section 6703\(c\)](#).

In their supporting memoranda, the Noskes argue that the government should be foreclosed from arguing that the Noskes have not met the requirements of [section 6703\(c\)](#) because it previously admitted in the refund actions that they had properly invoked the jurisdiction of the district court. This argument fails to recognize that an individual contesting a tax penalty can invoke the jurisdiction of the district court in several different ways. The individual could pay the full penalty and satisfy the full payment rule. If the penalty is assessed under [section 6700](#), he or she could also pay fifteen percent of the penalty and utilize the exception created in [section 6703\(c\)](#). If the penalty is divisible, he or she could pay one divisible assessment and utilize the divisible penalty exception. The government previously admitted that the Noskes properly invoked the jurisdiction of the district court through the divisible penalty exception. It did not admit, and has not admitted, that the Noskes fulfilled the requirements of [section 6703\(c\)](#). If the Noskes had actually invoked the district court's jurisdiction under [section 6703\(c\)](#) for their refund actions, this separate "injunction action" would be unnecessary because the Noskes could simply move this Court for injunctive relief in their refund actions.

*6 At oral argument, the Noskes also argued that an

annotation of the Eighth Circuit's *Noske* decision provided by West Publishing Company in the *United States Code Annotated* supports their position. Although annotations are intended only as legal research aids and are in no way authoritative, the Court recognizes that, in this case, the annotation may have caused some confusion and, therefore, the Court will address the Noskes' argument. The annotation reads as follows:

Ruling that penalty for promoting abusive tax shelters was nondivisible could not be applied retroactively to divest district court of subject matter jurisdiction in action for tax refund, on grounds that taxpayer had not paid 15% of total penalty assessed.

The wording of the annotation can be reconciled with that case's procedural history. If the *Gates* ruling had been retroactively applied, the district court would not have had jurisdiction because the Noskes had not paid fifteen percent of the penalty to meet the jurisdictional requirements of [section 6703\(c\)](#). The annotation is misleading, however, because it is included in the annotations for section 6703 under the subheading of "jurisdiction." As the Court previously stated, the Eighth Circuit's *Noske* opinion can not be read for the proposition that the Noskes properly invoked jurisdiction under [section 6703\(c\)](#).

Because the Noskes have not met the statutory requirements for [section 6703\(c\)](#) protection, their motion for injunctive relief under that section must be denied. It is therefore unnecessary for this Court to reach the government's argument that the bar on collection activities under [section 6703\(c\)\(1\)](#) does not apply to filing lien notices.

Furthermore, because this injunction suit was brought under [section 6703\(c\)\(1\)](#) and the Court has found that the Noskes have not met that section's statutory requirements, the Court concludes that it does not have subject matter jurisdiction over this action. The Federal Rules of Civil Procedure state that "[w]henver it appears ... that the court lacks

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jurisdiction of the subject matter, the court shall dismiss the action.” [Fed.R.Civ.P. 12\(h\)\(3\)](#). Dismissal of this action is therefore appropriate, although in no way does it effect the stay on collection proceedings ordered in the Noskes' refund actions.

Accordingly, based upon a review of all the files, records, and proceedings herein,

IT IS HEREBY ORDERED That:

1. The plaintiffs' Motion for Injunctive Relief is DENIED.
2. This action is DISMISSED for lack of subject matter jurisdiction.

[FN1](#). In its memorandum, the government refers to the district court's action as “*sua sponte*.” This characterization is a misrepresentation of what actually occurred. The court's February 27, 1992 order makes it clear that the order was issued upon the government's motion.

[FN2](#). The Court feels compelled to comment on the government's conduct with regard to the briefing schedule for this motion. After receiving the Noskes' reply memorandum, the government filed a motion for leave to file a supplemental memorandum, claiming that the Noskes had raised “new points” in their reply memorandum. Rather than submitting its proposed supplemental memorandum under separate cover or in a separate envelope, the government stapled the memorandum to its moving papers. The Court views this procedure as inappropriate. The Court denied the government's motion for leave to file a supplemental memorandum, and, therefore, the arguments put forth in the proposed supplemental memorandum have not been read or considered in the resolution of this motion.

[FN3](#). Although the government made this same argument in its previous motion to dismiss, it only utilized a single paragraph in its supporting memorandum to develop the argument. This inadequate presentation, along with the government's untenable position, resulted in the denial of the previous motion.

[FN4](#). The Court assumes that a third option, paying the entire penalty to satisfy the full payment rule, was not a feasible alternative for the Noskes.

[FN5](#). See Theodore D. Peyser, *Is Full Payment Always Required Before Filing a Refund Suit?* 74 J. Tax'n 162 (1991) (discussing *Noske v. United States*) (“The taxpayers declined to follow the [Section 6703](#) rules permitting payment of 15% followed by the filing of a refund claim and the institution of a suit in district court. Instead, one taxpayer paid \$1,000 and the other \$3,000, after which they filed claims and then sued for refunds.”).

The Noskes originally attempted to invoke [section 6703\(c\)](#) protection by paying \$150 and arguing that the maximum amount they could be penalized under [section 6700](#) was \$1000, rather than \$1000 per transaction (15% of \$1000 = \$150). As previously explained, the Noskes' first refund suits were dismissed when the government argued that administrative claims had not been filed.

Before the Noskes filed the refund actions currently pending, Joan Noske paid an additional \$850, James Noske paid an additional \$2,850, and they each filed a second administrative claim. In paragraph IX of the complaints in the Noskes' civil refund actions, the Noskes state that “[t]o come within this Court's jurisdiction a second time, what is called

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the ‘Pay and Sue Rule’ controlled.”
Therefore, the Noskes “had to pay full penalties of \$1000 rather than 15% of this amount.”

The record before the Court does not explain why James Noske paid \$3000 rather than the \$1000 paid by Joan Noske. The government admitted, however, that the Noskes properly invoked the jurisdiction of the district court by paying divisible portions of the penalties.

FN6. After *Gates* was decided, Congress amended [section 6700](#) to make it clear that penalties under this section could be assessed on a “per transaction” basis. The precedential value of *Gates* is, therefore, quite limited.

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H

United States District Court,
M.D. Florida.

UNITED STATES OF AMERICA, Plaintiff,
v.

Eddie Ray KAHN, a/k/a Eddie Ray, a/k/a Eddie Ray; House of Kahn; Milton Hargraves Baxley II; Bryan Malatesta; Kathleen Kahn, a/k/a Kookie Kahn; David Stephen Lokietz, a/k/a David Stephen, a/k/a David-Stephen; House of Lokietz; American Rights Litigators, a purported trust; Guiding Light of God Ministries, a purported corporation sole; and Eddie Kahn and Associates, a purported limited liability corporation. Defendants.

No. 5:03CV-436-OC-10GRJ.

March 30, 2004.

[Anne Norris Graham](#), Evan J. Davis, U.S. Department of Justice, Tax Division, Washington, DC, for Plaintiff.

Eddie Ray Kahn, Sorrento, FL, pro se.

Milton Hargraves Baxley, II, Gainesville, FL, pro se.

Bryan Malatesta, Cleburne, TX, pro se.

Kathleen Kahn, Sorrento, FL, pro se.

David Stephen Lokietz, Mount Dora, FL, pro se.

*FINDINGS OF FACTS AND ORDER TO SHOW
CAUSE*

[HODGES, J.](#)

*1 This case is before the Court for consideration of the Government's motion for an order to show cause (Doc. 47) and to adjudicate each of the Defendants in civil contempt (Doc. 46) for their failure to comply with this Court's injunctive order

(Doc. 29). The injunction prohibits the Defendants from engaging in certain conduct violative of [26 USC §§ 6700 and 6701 of the Internal Revenue Code](#) and further requires the performance of specific affirmative acts. A hearing on the matter was held on February 24, 2004, which all Parties attended except for Defendant Bryan Malatesta. Accordingly, upon due consideration, the Government's motion for a show cause order (Doc. 47) is due to be granted. The Defendants shall have ten (10) days in which to respond to this Order, and the Government another ten (10) days to reply, after which the Court will enter an appropriate ruling.

Background and Facts

The Court has previously found that the Defendants, through the business entities American Rights Litigators ("ARL"), Guiding Light of God Ministries ("GLGM"), and Eddie Kahn & Associates and through various websites, organize and sell several "abusive tax schemes" designed to obstruct or frustrate the Internal Revenue Service in carrying out its duty to enforce the internal revenue laws. These abusive tax schemes include such outlandish machinations as: (1) counterfeit checks and bonds purporting to draw on fictitious accounts held by the Treasury in the customer's name; (2) false UCC financing statements and related documents purporting to create a security interest in favor of the customer in the customer's own name, birth certificate, property, and even in the customer's own person; (3) corporations sole used to shelter assets and income from creditors and the IRS; and (4) "Individual Master File" or "Business Master File" decoder packages ("IMF/BMF decoder") purporting to "decode" and "correct" IRS records to reflect that the customer is not subject to taxation. Further, the Defendants interfere with the administration of the internal revenue laws by frivolous and harassing letters to the IRS or third parties, false and frivolous complaints to the Treasury Inspector General for Tax Administration ("TIGTA"), burdensome

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Freedom of Information Act (“FOIA”) and Privacy Act requests, assisting customers in hiding assets in corporations sole, advising customers to obstruct IRS examinations and collections efforts, and advising customers not to file federal tax returns or pay federal taxes.

The Court concluded that a preliminary injunction was warranted and, pursuant to [26 USC §§ 7408](#) and [7402\(a\)](#), enjoined the Defendants from engaging in the activities described above.^{FN1} The Court also directed the Defendants to take two affirmative actions: (1) produce to the Government “any records in their possession or to which they have access identifying by name, Social Security numbers, and address the members of ARL/GLGM and the persons who have purchased Defendants’ abusive tax shelters, plans, arrangements or programs”; and (2) “prominently and conspicuously display on the first page of any internet website maintained by them a complete copy of this preliminary injunction.”

FN1. Specifically, the injunctive order (Doc. 29) reads:

The Court ORDERS and DECREES pursuant to [26 USC § 7408](#) that each of the Defendants, their agents, servants, employees, attorneys, and those persons in active concert or participation with them who receive actual notice of this Order by personal service or otherwise are hereby preliminarily enjoined, directly or indirectly from:

1. Preparing or assisting in the preparation of correspondence to the IRS on behalf of any other person or entity;
2. Preparing or assisting in the preparation of UCC forms purporting to give the customer a security interest in his or herself, own name, own birth certificate, or own property;

3. Selling or organizing any business arrangement, including corporations sole, that encourages noncompliance with the income tax laws, misrepresents the tax savings realized by using the arrangement, or conceals the receipt of income; or selling any purported draft check, bond or other similar instrument to be used by the purchaser to pay federal taxes;

4. Preparing or assisting in the preparation of complaints to the TIGTA;

5. Preparing or assisting in the preparation of FOIA and Privacy Act requests on behalf of any other person or entity;

6. Representing any other person or entity before the IRS;

7. Preparing or assisting in the preparation of documents purporting to “decode” IRS files;

8. Falsely advising anyone that they are not required to file federal tax returns or pay federal taxes; and

9. Engaging in other similar conduct that substantially interferes with the administration and enforcement of the internal revenue laws.

The Court further ORDERS pursuant to [I.R.C. § 7402\(a\)](#) that Defendants produce to the United States any records in their possession or to which they have access identifying by name, Social Security numbers, and address the members of ARL/GLGM and the persons who have purchased Defendants’ abusive tax shelters, plans, arrangements or programs. The individual Defendants must each file a sworn certificate of compliance stating that he or she has complied with this portion of the Order, within

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twenty (20) days of the date of this Order.

The Court further ORDERS pursuant to 26 USC § 7402(a) that Defendants jointly and/or individually, and their representatives, agents, servants, employees, attorneys and those persons in active concert or participation with them, prominently and conspicuously display on the first page of any internet website maintained by them a complete copy of this preliminary injunction. The individual Defendants must each file a sworn certificate of compliance stating that he or she has complied with this portion of the Order, within twenty (20) days of the date of this Order.

Civil Contempt Standard

*2 District courts possess the inherent power to enforce compliance with their lawful injunctive orders through civil contempt.^{FN2} The party seeking a contempt order has the initial burden of proving by clear and convincing evidence that the alleged contemnors have failed to comply with an unambiguous and lawful order of the court.^{FN3} Once the moving party presents a prima facie case by clear and convincing evidence, the burden shifts to the alleged contemnors “to show a present inability to comply that goes beyond a mere assertion of inability”^{FN4} and establish that they have “made in good faith all reasonable efforts to meet the terms of the court order.”^{FN5} While the inability to comply is a defense to a contempt action, it is unavailable where the inability to comply was self-imposed.^{FN6}

FN2. *Gunn v. Univ. Comm. to End War in Vietnam*, 399 U.S. 383, 389, 90 S.Ct. 2013, 26 L.Ed.2d 684 (1970); *Shillitani v. United States*, 384 U.S. 364, 370, 86 S.Ct. 1531, 16 L.Ed.2d 622 (1966).

FN3. *Riccard v. Prudential Ins. Co.*, 307

F.3d 1277, 1296 (11th Cir.2002); *McGregor v. Chierico*, 206 F.3d 1378, 1383 (11th Cir.2000); *Commodity Futures Trading Comm’n v. Wellington Precious Metals, Inc.*, 950 F.2d 1525, 1529 (11th Cir.1992); *Jordan v. Wilson*, 851 F.2d 1290, 1292 n. 2 (11th Cir.1988).

FN4. *Howard Johnson Co. v. Khimani*, 892 F.2d 1512, 1516 (11th Cir.1990) (internal quotations omitted).

FN5. *Wellington Precious Metals, Inc.*, 950 F.2d at 1529; *United States v. Haves*, 722 F.2d 723, 725 (11th Cir.1984).

FN6. *In re Lawrence*, 279 F.3d 1294, 1300 (11th Cir.2002); *Pesaplastic, C.A. v. Cincinnati Milacron Co.*, 799 F.2d 1510, 1521 (11th Cir.1986).

The focus of the court's inquiry regarding civil contempt is whether the alleged contemnors complied with the order at issue, and not the subjective belief or intent of the contemnors in complying with the order.^{FN7} However, conduct that evidences “substantial, but not complete, compliance with the court order may be excused if it was made as part of a good faith effort at compliance.”^{FN8} In making this determination, the order is subject to reasonable interpretation and may not be expanded beyond the meaning of its terms.^{FN9}

FN7. *McComb v. Jacksonville Paper Co.*, 336 U.S. 187, 191, 69 S.Ct. 497, 93 L.Ed. 599 (1949) (“The absence of wilfulness does not relieve civil contempt.... Since the purpose is remedial, it matters not with what intent the defendant did the prohibited act.”); *Khimani*, 892 F.2d at 1516.

FN8. *Khimani*, 892 F.2d at 1516.

FN9. *Id.*

District courts are afforded wide discretion in fashioning a remedy for civil contempt.^{FN10} However,

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this discretion is not unfettered, as sanctions cannot be any greater than necessary to ensure compliance.^{FN11} In fashioning a remedy, the Court must consider “the character and magnitude of the harm threatened by continued contumacy, and the probable effectiveness of any suggested sanction in bringing about the result desired.”^{FN12} “The district court must make a determination in each case whether there is a realistic possibility that the contemnor will comply with the order.”^{FN13} Appropriate sanctions for civil contempt include: (1) a coercive fine; (2) a compensatory fine; (3) attorney's fees and costs; and (4) coercive incarceration.^{FN14}

FN10. *McGregor*, 206 F.3d at 1385 n. 5.

FN11. *Citronelle-Mobile Gathering, Inc. v. Watkins*, 943 F.2d 1297, 1304 (11th Cir.1991) (“Sanctions may be imposed to coerce the contemnor to comply with the court's order, but may not be so excessive as to be punitive in nature.”); *United States v. City of Miami*, 195 F.3d 1292, 1298 (11th Cir.1999) (“[A] District Court may not use the civil contempt power to impose what amounts to a criminal contempt sanction.”).

FN12. *United States v. United Mine Workers of America*, 330 U.S. 258, 304, 67 S.Ct. 677, 91 L.Ed. 884 (1947).

FN13. *In re Lawrence*, 279 F.3d 1294, 1300 (11th Cir.2002).

FN14. *Watkins*, 943 F.2d at 1304.

Discussion

The Government cites the following conduct on the part of the Defendants as being contumacious of the Court's lawful injunctive order:

1. failing to “prominently and conspicuously display” the injunctive order on the first page of the websites: www.eddiekahn.com, www.glgm.org,

www.eddiekahnoverseer.org,
www.taxtruthnews.com, and www.cpe4me.com;
FN15

FN15. Throughout this Order, reference to www.cpe4me.com includes reference to www.cpeforme.com.

2. with respect to Defendant Malatesta, preparing or assisting in the preparation of FOIA and Privacy Act requests and IMF/BMF decoding through the website www.cpe4me.com;
3. providing form letters on www.eddiekahn.com for persons to complete and send to the IRS in response to IRS letters;
4. continuing to promote or advertise abusive tax schemes on www.eddiekahn.com and www.taxtruthnews.com;
5. falsely advising through postings on www.eddiekahn.com and www.taxtruthnews.com that individuals are not required to file a federal tax return or pay federal taxes; and
- *3 6. failing to provide to the Government any records in their possession or to which they have access identifying the members of ARL/GLGM or the persons who have purchased their abusive tax shelters, plans, arrangements, or programs.

A. www.eddiekahnoverseer.org,
www.eddiekahn.com, www.glgm.org, and
www.taxtruthnews.com

As of the writing of this Order, www.eddiekahnoverseer.org has ceased to be a valid web-address. The website www.eddiekahn.com continues to exist; however, its entire content, including the form letters to the IRS, has been removed and replaced with a brief explanation of the pending litigation, the first page of the injunction, and links to the other pages of the injunction. The site www.glgm.org contains a similar display of the

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injunctive order, but also contains a link to the site's pre-injunction content. The Court finds that *www.eddiekahn.com* and *www.glgm.org* are in compliance with a reasonable interpretation of the injunctive order.

The Court also finds, however, that *www.taxtruthnews.com* is not compliant. This site has remained essentially unchanged since these proceedings were commenced. The injunctive order is not displayed on any page, and the website continues to make available to its paying members the "Tax Truth Newsletter"-a bi-weekly, online newsletter containing descriptions of numerous, often fraudulent, schemes designed to avoid paying taxes. Most, if not all, of the articles are devoted to the exploits of Defendant Eddie Kahn and ARL/GLGM and their interaction with the IRS. In fact, the site boasts that it is "dedicated to bringing the latest updates from Eddie Kahn." Until very recently, the main page of *www.taxtruthnews.com* displayed a picture of Defendant Kahn and the caption, "Never miss another Eddie Kahn update." Tellingly, the picture and caption were removed after the Government moved for contempt.

The Government avers, perhaps correctly, that Defendant Kahn directly or indirectly maintains and controls the content of *www.taxtruthnews.com* and uses the site as his "mouthpiece." While this might be so, at present the Government offers little evidence to establish Kahn's control. The site is registered to Jeromy Shephard, a known member of ARL/GLGM, and although the injunctive order is broad enough to subject Mr. Shephard to its proscriptions (provided he first receives proper notice), Mr. Shephard has, thus far, not been the focus of the Government's motions. Accordingly, at this time the Government has not established by clear and convincing evidence that Defendant Kahn or any other Defendant has the ability to bring *www.taxtruthnews.com* into compliance with the injunction.

B. Defendant Bryan Malatesta

The Court finds by clear and convincing evidence that Defendant Bryan Malatesta is currently in violation of multiple provisions of the injunctive order. First, Malatesta has failed to produce to the Government any records in his possession or to which he has access identifying the members or customers of ARL/GLGM. Second, Malatesta has failed to prominently and conspicuously display the injunctive order on the first page of his website, *www.cpe4me.com*. Third, Malatesta continues to prepare or assist in the preparation of FOIA and Privacy Act requests through *www.cpe4me.com*, and, in particular, through the "online FOIA generator" available on that website. Fourth, Malatesta continues to prepare or assist in the preparation of IMF/BMF decoding through *www.cpe4me.com*.

*4 The Government has submitted convincing evidence that Defendant Malatesta, a licensed CPA, entered into an arrangement whereby, in exchange for compensation, he permitted ARL/GLGM to affix his signature to documents, including more than one-thousand powers of attorney, which were then transmitted by ARL/GLGM to the IRS or third parties on behalf of members or customers.^{FN16}

The circumstances of this arrangement suggest that, at a minimum, Defendant Malatesta has the right to require ARL/GLGM to produce to him any records identifying those persons on whose behalf it created and transmitted documents bearing his signature. There is nothing in the record showing that Defendant Malatesta made any effort to obtain such records from ARL/GLGM. The Defendant has made no explanation of his deficiency in this regard.

^{FN16}. Doc. 7, tabs 18, 22, 23, 24, 33; Doc. 6, at tab. 7, p. 70.

The Government has also presented clear and convincing evidence that Defendant Malatesta is in violation of the injunction by virtue of his control over the website, *www.cpe4me.com*. Through this website, the Defendant continues to prepare or assist in the preparation of FOIA and Privacy Act requests and IMF/BMF decoding. In further contradiction of the clear and unambiguous terms of the

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Court's order, *www.cpe4me.com* contains no mention of the injunction.

Although the Defendant denies having the ability to control *www.cpe4me.com*, the Government has presented sufficient evidence that Defendant Malatesta is intimately involved with the maintenance and operation of this site so that he currently possesses the ability to alter the content of *www.cpe4me.com* in order to bring about its compliance. As late as January 15, 2004, one month before the injunctive order was issued, Malatesta was the registered owner of the domain name "cpe4me.com" and his name, email address, and business address were listed on *www.cpe4me.com* as the site's contact information.^{FN17} On January 21, 2004, one week before the motion for contempt was filed,^{FN18} the contact information on *www.cpe4me.com* suddenly changed. Defendant Malatesta was no longer listed as the contact person; however, the contact address remained Malatesta's business address.^{FN19} As of February 26, 2004, the contact information on *www.cpe4me.com* ceased altogether to list a mailing address.^{FN20} Also by that date, the registered owner of the domain name "cpe4me.com" was changed to Kevin Phelps, apparently a resident of Australia.^{FN21} The originating servers, one of which is operated by Malatesta's employer,^{FN22} remained the same, and Thomas Selgas continued to be listed as the administrative and technical contact.

^{FN17} Doc. 50, exh. A at 6. A "domain name" is a series of alphanumeric fields, or "domains," separated by periods, or "dots," which corresponds to a unique Internet Protocol (IP) address assigned to each computer on the Internet. The domain name system is used because domain names are much easier for users to remember than the numeric IP addresses to which they correspond. When one types "*www.cpe4me.com*" into a web browser, the computer performs an "address query" whereby it searches various other com-

puters known as "domain name servers" for the information needed to match the domain name to the IP address. A domain name is broken into several levels that tell the computer how to search for the matching information. The ".com" of the web-address is known as the first or top-level domain name. The address query is directed to the ".com" top-level domain file zone where information about ".com" files are located and is then directed to the file corresponding to the second-level domain name, "cpe4me.com," where the information is retrieved. See e.g., *Thomas v. Network Solutions, Inc.*, 176 F.3d 500, 503-04 (D.C.Cir.1999). The "www" is not technically a part of the domain name.

^{FN18} The Government notified the Defendants on January 21, 2004, pursuant to Local Rule 3.01(g), of its intention to move for contempt. Doc. 49.

^{FN19} Doc. 50, exh. C at 6.

^{FN20} Doc. 77, exh. A at 7.

^{FN21} Doc. 72, attachment 2.

^{FN22} Docs. 50, exh. A; Doc.72, attachment 2. One of the named servers for the domain name "cpe4me.com" is listed as "NS2.ARROWPLASTICS.COM." Defendant Malatesta is listed as the CPA for Arrow Custom Plastics. Doc. 77 exh. B.

The Defendant attempts to explain that, although he owned the second-level domain name "cpe4me.com,"^{FN23} he never controlled the third-level domain name, *www.cpe4me.com*.^{FN24} In an attempt to further distance himself from *www.cpe4me.com* and thereby establish his inability to comply, Malatesta maintains that his ownership of "cpe4me.com" lapsed on January 18, 2004 and was subsequently transferred to Phelps.^{FN25}

^{FN23} For a brief explanation of domain

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names see *supra* note 17.

FN24. Malatesta claims that *www.cpe4me.com* is controlled by someone he refers to only as “witness 2.” Doc. 72.

FN25. Curiously, <http://cpe4me.com>'s only content continues to read “Preliminary Injunction Issued to Bryan Malatesta” even though the Defendant swears that he no longer controls this site.

*5 The Court is not persuaded. Indeed, the Court finds the Defendant's explanation incredible and unsubstantiated. For one thing, the “www” part of a web-address is not technically part of a domain name, and it certainly does not have to be registered along with the second-level domain name. More importantly, it is clear from the information once displayed on *www.cpe4me.com* that Malatesta has some degree of control over its content. Considering the totality of the evidence, it is apparent that the Defendant has done little more than attempt to avoid the proscriptions of the injunction by masking his control of this website.

C. Defendant Milton Baxley II

The Government has presented clear and convincing evidence that Defendant Baxley, a licensed attorney, **FN26** entered into an arrangement with ARL/GLGM similar to the arrangement between ARL/GLGM and Defendant Malatesta. Like Malatesta's arrangement, Baxley received compensation for permitting ARL/GLGM to affix his signature to documents, including over one-thousand powers of attorney, which were then transmitted by ARL/GLGM to the IRS and third parties on behalf of members or customers. **FN27** At a minimum, Defendant Baxley has the actual or implied contractual right to require ARL/GLGM to produce to him the names of those persons on whose behalf it created and transmitted documents bearing his signature. To date, Baxley has not produced any such records

to the Government. Defendant Baxley has done little more than make an assertion of his inability to comply, which is insufficient to avoid compliance with the injunction.

FN26. Doc. 8, at tab 24, Doc. 5, at tab 4. On October 24, 2003, an administrative law judge disbarred Defendant Baxley from practicing law before the IRS. *See* Doc. 5, at tab 5. The judge found by clear and convincing evidence that Baxley committed fourteen counts of misconduct centering around his filing of frivolous claims and pleadings on behalf of his clients. Similarly, in 1996, Judge Paul of the Northern District of Florida imposed Rule 11 sanctions against Baxley for filing frivolous pleadings in a matter involving the IRS. *Nutt v. United States*, No. 1:96-cv-96-MMP, 1996 WL 741592 (N.D.Fla. Oct.7, 1996).

FN27. Doc. 2, at tab 13; Docs. 5-8, at tabs 4, 7, 8, 18, 22-25, & 31. Defendant Eddie Kahn characterized the compensation Baxley and Malatesta received in this arrangement as “gifts.” Doc. 6, at tab. 7 p. 70.

D. Defendant David Stephen Lokietz

Defendant Lokietz admits that he was the “Executive Trustee and General Manager” of ARL, a purported trust. In his affidavit he states that on December 18, 2003, days after the complaint and motion for preliminary injunction were filed, ARL was dissolved by unanimous decision of the trustees and ceased to exist. **FN28** According to the Defendant, all of ARL's records were then transferred to Defendant Eddie Kahn, the head of GLGM. **FN29** He relies on these events as demonstrating his present inability to comply with the injunctive order. However, inability to comply is not a defense to contempt if, as the Court finds to be the case with Defendant Lokietz, the inability was self-imposed in an effort to avoid compliance. **FN30** By

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law, the Defendant was required to make all reasonable efforts to gain access to the ARL member records and thereby accomplish compliance. Defendant Lokietz has not done so.

FN28. Doc. 65.

FN29. Doc. 82, at 50.

FN30. *Pesaplastic, C.A.*, 799 F.2d at 1521; *In re Lawrence*, 279 F.2d at 1300.

E. Defendant Eddie Kahn

Defendant Kahn is the self-described “Presiding Overseer” of GLGM, a purported corporation sole, and the “Executive Trustee” of ARL, a purported trust.^{FN31} The Defendant initially refused to comply with the injunction, flippantly conditioning his compliance on the Government's ability to produce a “notice of acceptance” evidencing its jurisdiction over his property.^{FN32} It was only after the Defendant's frivolous jurisdictional argument was confuted and the Government's ensuing motion for contempt was filed that the Defendant submitted his first certificate of compliance.^{FN33} In this certificate, the Defendant swore that, despite the fact that he had yet to produce any ARL/GLGM membership records, he was in compliance with the injunction. It was not until the contempt hearing that he finally produced a compact disc containing, or at least purporting to contain, the GLGM member list. The Defendant explained his tardiness as “simply inadvertent.”^{FN34}

FN31. Doc. 82, at 40; Doc. 6, at tab 7.

FN32. Doc. 35.

FN33. Doc. 63.

FN34. Doc. 82 at 34.

*6 However, the Defendant's state of mind is irrelevant to these proceedings. Moreover, production of the GLGM member list is not sufficient to complete compliance with the clear and unambiguous

language of the injunction which requires the production of not only the GLGM member list, but also ARL's member list. Further, the injunction unambiguously calls for the production of the identities of persons who have purchased the Defendant's abusive tax shelters, plans, arrangement, and programs. This means that Defendant Kahn must produce to the Government any records in his possession or to which he has access identifying those persons who, regardless of their affiliation *vel non* with ARL/GLGM, purchased or for whom was prepared a corporation sole, UCC financing statements or other related documents, draft checks or bonds, FOIA or Privacy Act requests, TIGTA complaints, IMF/BMF decoders, or any other correspondence to the IRS or third parties regarding a member's or customer's tax matters. To date, the Defendant has produced no such list and given no valid excuse for his non-performance.

Conclusion

Accordingly, upon due consideration, it is adjudged that the Government's Motion for Show Cause Order (Doc. 47) is GRANTED, and the following Order to Show Cause is hereby issued to Defendants Bryan Malatesta, Milton Baxley II, David Lokietz, and Eddie Kahn.^{FN35}

FN35. Because the Government has produced insufficient evidence that Defendant Kookie Kahn, Defendant Eddie Kahn's wife, is currently in violation of the injunction, she is not subject to the Order to Show Cause.

ORDER TO SHOW CAUSE

Defendant Bryan Malatesta is ORDERED to show cause by sworn written pleading within ten (10) days of the date of this Order why he should not be adjudicated in contempt of this Court's injunctive order (Doc. 29) for:

1. failing to produce to the Government any records

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in his possession or to which he has access identifying by name, Social Security numbers, and address the members or customers of ARL/GLGM, in particular, those members or customers on whose behalf his signature was used;

2. failing to prominently and conspicuously display a complete copy of the injunctive order (Doc. 29) on the first page of the website *www.cpe4me.com* or *www.cpeforme.com*; ^{FN36}

^{FN36}. The Court has found that the manner in which the injunction is displayed on *www.eddiekahn.com* and *www.glgm.org*, prominently and conspicuously displaying the complete first page of the injunction on the first page of the site together with links to the remaining pages of the injunction-is adequate to achieve compliance.

3. preparing or assisting in the preparation of FOIA and Privacy Act requests on behalf of other persons or entities through *www.cpe4me.com* or *www.cpeforme.com*, and, in particular, through the online FOIA generator available on that site; and

4. preparing or assisting in the preparation of documents purporting to decode IRS files through *www.cpe4me.com* or *www.cpeforme.com*.

FURTHER, Defendant Milton Hargraves Baxley II is ORDERED to show cause by sworn written pleading within ten (10) days of the date of this Order why he should not be adjudicated in contempt of this Court's injunctive order (Doc. 29) for failing to produce to the Government any records in his possession or to which he has access identifying by name, Social Security numbers, and address the members or customers of ARL/GLGM, in particular, those members or customers on whose behalf his signature was used.

*7 FURTHER, Defendant David Stephen Lokietz is ORDERED to show cause by sworn written pleading within ten (10) days of the date of this Order why he should not be adjudicated in contempt of

this Court's injunctive order (Doc. 29) for:

1. failing to produce to the Government any records in his possession or to which he has access identifying by name, Social Security numbers, and address the member or customers of ARL/GLGM;

2. failing to produce to the Government any records in his possession or to which he has access identifying by name, Social Security numbers, and address persons who, regardless of their affiliation *vel non* with ARL/GLGM, purchased or for whom was prepared a corporation sole, UCC financing statements or other related documents, draft checks or bonds, FOIA or Privacy Act requests, TIGTA complaints, IMF/BMF decoders, or any other correspondence to the IRS or third parties regarding a member's or customer's tax matters.

FURTHER, Defendant Eddie Ray Kahn is ORDERED to show cause by sworn written pleading within ten (10) days of the date of this Order why he should not be adjudicated in contempt of this Court's injunctive order (Doc. 29) for:

1. failing to produce to the Government any records in his possession or to which he has access identifying by name, Social Security numbers, and address members or customers of ARL; and

2. failing to produce to the Government any records in his possession or to which he has access identifying by name, Social Security numbers, and address persons who, regardless of their affiliation *vel non* with ARL/GLGM, purchased or for whom was prepared a corporation sole, UCC financing statements or other related documents, draft checks or bonds, FOIA or Privacy Act requests, TIGTA complaints, IMF/BMF decoders, or any other correspondence to the IRS or third parties regarding a member's or customer's tax matters.

FURTHER, the Government shall have ten (10) days from the date of the filing of the individual Defendants' responses, if any, in which to reply. The Court will then enter its ruling.

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(Cite as: **2004 WL 1089116 (M.D.Fla.)**)

IT IS SO ORDERED.

ORDER

This case is before the Court for consideration of the Government's Request for Entry of Default (Doc. 58) against the pro se Defendants Eddie Kahn, Kathleen Kahn, David Lokietz, Bryan Malatesta, American Rights Litigators, Guiding Light of God Ministries, and Eddie Kahn & Associates for their failure to timely answer the complaint. [Rule 55\(a\) of the Federal Rules of Civil Procedure](#) provides for the entry of default when "a party against whom a judgment for affirmative relief is sought has failed to plead or otherwise defend as provided by these rules."

The entry of default is viewed with disfavor in the Eleventh Circuit.^{[FN1](#)} Instead, there is a strong policy of determining cases upon their merit. Upon reviewing the record, the Court finds that the entry of default is not warranted at this time. However, the Defendants will be directed to answer the Government's complaint.

[FN1. *In re Worldwide Web Sys. Inc.*, 328 F.3d 1291, 1295 \(11th Cir.2003\); *Florida Physician's Ins. Co. v. Ehlers*, 8 F.3d 780, 783 \(11th Cir.1993\).](#)

*8 Accordingly, upon due consideration, it is adjudged that:

(1) the Government's Request for Entry of Default (Doc. 58) is DENIED; and

(2) Defendants Eddie Kahn, Kathleen Kahn, David Lokietz, Bryan Malatesta, American Rights Litigators, Guiding Light of God Ministries, and Eddie Kahn & Associates are directed to answer the complaint within ten (10) days from the date of this Order. The Defendants' answers must be in accordance with the applicable provisions of [Rules 7-16 of the Federal Rules of Civil Procedure](#) and Rule 1.05 of the Local Rules of the Middle District of Florida.

IT IS SO ORDERED.

M.D.Fla.,2004.

U.S. v. Kahn

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END OF DOCUMENT

BOOK 4057 PAGE 36

2006072150 SAT/MTG
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Book: SAT 336 Page: 1253-1254July 27, 2006 01:05:49 PM
Rec: \$5.00 Cnty Tax: \$0.00 State Tax: \$0.00

FILED IN GREENVILLE COUNTY, SC

State of South Carolina)

County of Greenville)

2003 OCT 16 A 11:46
MORTGAGE OF REAL ESTATE

REG. STAMP

Mortgagee's Address: 2435 East North Street, Suite 105, Greenville, SC 29615

WHEREAS, Miriam Getz (hereinafter called the Mortgagor), in and by her certain Note of even date herewith stands firmly held and bound unto John-Howard Alexander (hereinafter called the Mortgagee), for the payment of the full and just sum of Sixty One Thousand One Hundred Fifty Three and NO/100 (\$61,153.00), with the entire balance, if not sooner paid, being due on August 1, 2018, with interest, as in and by the Note, reference being had thereto, will more fully appear. AND IT IS AGREED, by and between the parties that this Mortgage shall represent a valid lien on said property.

AND IT IS AGREED, this security instrument secures to lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Mortgagor's covenants and agreements under this Security Instrument and the Note. For this purpose, Mortgagor does hereby mortgage, grant and convey to Mortgagee and Mortgagee's successors and assigns, the following described property located in the County of Greenville State of South Carolina:

See Attached Exhibit A for Legal Description.

Cynthia Armstrong
Witness

PAID THIS *July 27, 2006*
DAY OF *July 27, 2006*
by *John-Howard Alexander*

which currently has the address of: 6350 Whitehorse Road, SC 29611

TO HAVE AND TO HOLD this property unto Mortgagee and Mortgagee's successors and assigns, forever, together with all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. This security instrument shall also cover all replacements and additions. All of the foregoing is referred to in this Security Instrument as the "Property."

MORTGAGOR COVENANTS that Mortgagor is lawfully seised of the estate hereby conveyed and has the right to grant and convey the Property and that the property is unencumbered, except for encumbrances of record. Mortgagor warrants and will defend generally the title to the property against all claims and demands, subject to any encumbrances of record.

AND IT IS AGREED, by and between the parties that the Mortgagor, his heirs and successors and assigns, shall keep any building erected on the property insured against loss and damage by fire for the benefit of the Mortgagee, for an amount not less than the sum shown above, with such company as shall be approved by the Mortgagee, his successors, heirs and assigns, and shall deliver the policy to the Mortgagee; and in default thereof, the Mortgagee, his successors, heirs or assigns may effect such insurance and reimburse themselves under this Mortgage for the expense thereof, together with interest thereon at the rate provided in the Note from the date of its payment. And it is further agreed, in the event of other insurance and contribution between the insurers, that the Mortgagee, his successors, heirs and assigns, shall be entitled to receive from the aggregate of the insurance monies to be a sum equal to the amount of the debt secured by this Mortgage.

AND IT IS AGREED, by and between the parties, that if the Mortgagor, his heirs and successors or assigns, shall fail to pay all taxes and assessments upon the property when they shall first become payable, then the Mortgagee, his successors, heirs or assigns, may cause the same to be paid, together with all penalties and costs incurred thereon, and reimburse themselves under this Mortgage for the sum so paid, with interest thereon at the rate provided in the Note from the date of such payment.

122162

John-Howard Alexander
(R) *HA*

10-16-2003 01:12:662

RECORDING FEE 10.37

BOOK 4057 PAGE 368

PROVIDED ALWAYS, NEVERTHELESS, and it is the true intent and meaning of the parties, that if the Mortgagor does and shall well and truly pay, or cause to be paid, unto the Mortgagee, his successors, heirs and assigns, the debt or sum of money aforesaid, with interest thereon, and if any shall be due according to the true intent and meaning of the Note and this Mortgage, then this Mortgage shall cease, determine, and be utterly null and void; otherwise it shall remain in full force and virtue.

AND IT IS AGREED, by and between the parties, that the Mortgagor should hold and enjoy the premises until default or payment shall be made.

Any reference in this instrument to the plural shall include the singular, and any reference to the neuter shall include the male and female, the male shall include the female, and vice versa.

WITNESS the hand and seal of the Mortgagor(s) this 10 day of October, 2003.

Miriam Getz

October 14th, 2003

SIGNED, SEALED AND DELIVERED
in the presence of:

Heather Alexander 10/14/03
Witness

Ronnie Stewart 10/14/03
Witness

State of South Carolina)

County of Greenville)

PROBATE

PERSONALLY APPEARED BEFORE ME the undersigned witness and made oath that (s)he saw the within-named sign, seal, and, as their act and deed, deliver the within-written Mortgage of Real Estate, and that (s)he, with the other witness subscribed above, witnessed the execution thereof.

SWORN to before me this 14 day of
OCTOBER 2003

Thomas D. Curran (SEAL)

Notary Public for South Carolina

My Commission Expires: 7-4-2013

Ronnie Stewart
Witness
Ronnie Stewart
Witness

FILED FOR RECORD IN GREENVILLE COUNTY, SC ROD
2006072150 Book: SAT 336 Page: 1253-1254
July 27, 2006 01:05:49 PM

Timothy J. Hanney

[Signature]
[Signature]

BOOK 4057 PAGE 3667

GREENVILLE

State of South Carolina)

2003 OCT 16 A 11:46
MORTGAGE OF REAL ESTATE

County of Greenville)

REGISTER CLERK'S

Mortgagee's Address: 2435 East North Street, Suite 105, Greenville, SC 29615

WHEREAS, Miriam Getz (hereinafter called the Mortgagor), in and by her certain Note of even date herewith stands firmly held and bound unto John-Howard Alexander (hereinafter called the Mortgagee), for the payment of the full and just sum of Sixty One Thousand One Hundred Fifty Three and NO/100 (\$61,153.00), with the entire balance, if not sooner paid, being due on August 1, 2018, with interest, as in and by the Note, reference being had thereto, will more fully appear. AND IT IS AGREED, by and between the parties that this Mortgage shall represent a valid lien on said property.

AND IT IS AGREED, this security instrument secures to lender: (i) the repayment of the Loan, and all renewals, extensions and modifications of the Note; and (ii) the performance of Mortgagor's covenants and agreements under this Security Instrument and the Note. For this purpose, Mortgagor does hereby mortgage, grant and convey to Mortgagee and Mortgagee's successors and assigns, the following described property located in the County of Greenville State of South Carolina:

See Attached Exhibit A for Legal Description.

which currently has the address of: 6350 Whitehorse Road, SC 29611

TO HAVE AND TO HOLD this property unto Mortgagee and Mortgagee's successors and assigns, forever, together with all the improvements now or hereafter erected on the property, and all easements, appurtenances, and fixtures now or hereafter a part of the property. This security instrument shall also cover all replacements and additions. All of the foregoing is referred to in this Security Instrument as the "Property."

MORTGAGOR COVENANTS that Mortgagor is lawfully seized of the estate hereby conveyed and has the right to grant and convey the Property and that the property is unencumbered, except for encumbrances of record. Mortgagor warrants and will defend generally the title to the property against all claims and demands, subject to any encumbrances of record.

AND IT IS AGREED, by and between the parties that the Mortgagor, his heirs and successors and assigns, shall keep any building erected on the property insured against loss and damage by fire for the benefit of the Mortgagee, for an amount not less than the sum shown above, with such company as shall be approved by the Mortgagee, his successors, heirs and assigns, and shall deliver the policy to the Mortgagee; and in default thereof, the Mortgagee, his successors, heirs or assigns may effect such insurance and reimburse themselves under this Mortgage for the expense thereof, together with interest thereon at the rate provided in the Note from the date of its payment. And it is further agreed, in the event of other insurance and contribution between the insurers, that the Mortgagee, his successors, heirs and assigns, shall be entitled to receive from the aggregate of the insurance monies to be a sum equal to the amount of the debt secured by this Mortgage.

AND IT IS AGREED, by and between the parties, that if the Mortgagor, his heirs and successors or assigns, shall fail to pay all taxes and assessments upon the property when they shall first become payable, then the Mortgagee, his successors, heirs or assigns, may cause the same to be paid, together with all penalties and costs incurred thereon, and reimburse themselves under this Mortgage for the sum so paid, with interest thereon at the rate provided in the Note from the date of such payment.

122162

10-16-2003 01:12:62

RECORDING FEE 10.37

BOOK 4057 PAGE 367

AND IT IS AGREED, by and between the parties that "Interest in the Property" means any legal or beneficial interest in the property, including, but not limited to those beneficial interests transferred in a bond for deed, contract for deed, installment sales contract or escrow agreement, the intent of which is the transfer of title by Mortgagor at a future date to a purchaser.

If all or any part of the property or any interest in the property is sold or transferred without Mortgagee's prior written consent, Mortgagee may require immediate payment in full of all sums secured by this security instrument. However, lender shall not exercise this option if applicable law prohibits such exercise.

If Mortgagee exercises this option, Mortgagee shall give Mortgagor notice of acceleration. This notice shall provide a period of not less than 30 days from the date the notice is given within which Mortgagor must pay all sums secured by this security instrument. If Mortgagor fails to pay these sums prior to the expiration of this period, Mortgagee may invoke all remedies permitted by this security instrument without further notice or demand on Mortgagor.

AND IT IS AGREED, by and between the parties that upon any default being made in the payment of the Note or of the insurance premiums, or of the taxes, or of the assessments hereinabove mentioned, or failure to pay any other indebtedness which constitutes a lien upon the real property when the same shall severally become payable, then the entire amount of the debt secured or intended to be secured hereby shall become due, at the option of the Mortgagee, his successors, heirs or assigns, although the period for the payment thereof may not then have expired.

AND IT IS AGREED, by and between the parties that should legal proceedings be instituted for the collection of the debt secured hereby, then the Mortgagee, his successors, heirs or assigns, shall have the right to have a receiver appointed of the rents and profits of the premises, who, after deducting all charges and expenses attending such proceedings, and the execution of the trust as receiver, shall apply the residue of the rents and profits towards the payment of the debt secured hereby.

AND IT IS FURTHER AGREED, by and between the parties that should legal proceedings be instituted for the foreclosure of this Mortgage, or should the Mortgagee become a party to any action by reason of this Mortgage, or should the debt secured hereby be placed in the hands of an attorney at law for collection, by suit or otherwise, all costs and expenses incurred by the Mortgagee, including a reasonable attorney's fee, shall thereupon become due and payable as a part of the debt secured hereby, and may be recovered and collected hereunder.



[Handwritten signature]
[Handwritten initials]

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PROVIDED ALWAYS, NEVERTHELESS, and it is the true intent and meaning of the parties, that if the Mortgagor does and shall well and truly pay, or cause to be paid, unto the Mortgagee, his successors, heirs and assigns, the debt or sum of money aforesaid, with interest thereon, and if any shall be due according to the true intent and meaning of the Note and this Mortgage, then this Mortgage shall cease, determine, and be utterly null and void; otherwise it shall remain in full force and virtue.

AND IT IS AGREED, by and between the parties, that the Mortgagor should hold and enjoy the premises until default or payment shall be made.

Any reference in this instrument to the plural shall include the singular, and any reference to the neuter shall include the male and female, the male shall include the female, and vice versa.

WITNESS the hand and seal of the Mortgagor(s) this 10 day of October, 2003.

Miriam Getz
Miriam Getz

October 14th, 2003

SIGNED, SEALED AND DELIVERED
in the presence of:

Heather Alexander 10/14/03
Witness

Ronnie Stewart 10/14/03
Witness

State of South Carolina)

County of Greenville)

PROBATE

PERSONALLY APPEARED BEFORE ME the undersigned witness and made oath that (s)he saw the within-named sign, seal, and, as their act and deed, deliver the within-written Mortgage of Real Estate, and that (s)he, with the other witness subscribed above, witnessed the execution thereof.

SWORN to before me this 14 day of

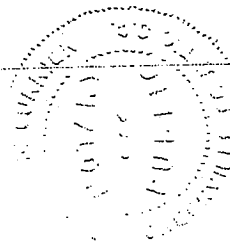
October, 2003

Thomas D. Stewart (SEAL)

Notary Public for South Carolina

My Commission Expires: 7-4-2013

Ronnie Stewart
Witness
Ronnie Stewart
Witness



Heather Alexander
Ronnie Stewart

BOOK 4057 PAGE 369

EXHIBIT A

ALL that certain piece, parcel or lot of land, situate, lying and being in the State of South Carolina, County of Greenville, being known and designated as Lot No. 1 and a part of Lot No. 2 on a plat of Farmington Acres recorded in the Office of the Register of Deeds for Greenville County, South Carolina, in Plat Book GGG at Page 183 and on a more recent survey prepared by Freeland & Associates dated October 25, 1979 and recorded in Plat Book 7-K at Page 92, reference to said plat is hereby craved for a complete metes and bounds description.

THIS BEING the same property conveyed unto Miriam Getz by deed of Jackie Lee Hammack dated November 3, 1994 and recorded November 4, 1994 in the Register of Deeds Office for Greenville County South Carolina in Book 1588 at Page 816.

FILED FOR RECORD IN GREENVILLE
COUNTY SC R.O.D. OFFICE AT 11:46 AM
10 16 03 RECORDED IN MORTGAGE
BOOK 4057 PAGE 0366 THRU 0369
DOC # 2003122162

Judy A. Hiv



[Handwritten signature]
[Handwritten initials]

BOOK 2059 PAGE 1459

STATE OF SOUTH CAROLINA

COUNTY OF GREENVILLE

FILLED
GREENVILLE2003 OCT 16) A 11: 5 (NO TITLE EXAM)
) TITLE TO REAL ESTATE

KNOW ALL MEN BY THESE PRESENTS, that **Miriam Getz**, in consideration of Five and 00/100 (\$5.00) Dollars Love and Affection ~~and NO OTHER CONSIDERATION~~, the receipt of which is hereby acknowledged, has granted, bargained, sold, and released, and by these presents do grant, bargain, sell and release unto **John-Howard Alexander as Trustee for The Alexander Family Trust** his successors and assigns, forever:

ALL that certain piece, parcel or lot of land, situate, lying and being in the State of South Carolina, County of Greenville, being known and designated as Lot No. 1 and a part of Lot No. 2 on a plat of Farmington Acres recorded in the Office of the Register of Deeds for Greenville County, South Carolina, in Plat Book GGG at Page 183 and on a more recent survey prepared by Freeland & Associates dated October 25, 1979 and recorded in Plat Book 7-K at Page 92, reference to said plat is hereby craved for a complete metes and bounds description.

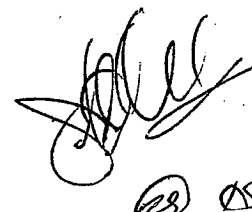
THIS conveyance is subject to all restrictions, set-back lines, roadways, zoning ordinances, easements and rights-of-way, if any, affecting the above-described property.

THIS BEING the same property conveyed unto Miriam Getz by deed of Jackie Lee Hammack dated November 3, 1994 and recorded November 4, 1994 in the Register of Deeds Office for Greenville County South Carolina in Book 1588 at Page 816.

Grantee specifically assumes and agrees to pay that certain mortgage in favor of John-Howard Alexander in the original amount of \$61,153.00 dated Oct 14, 2003 and recorded Oct 16, 2003 in the ROD office for Greenville County, SC in Book 4057, Page 366.

Grantees Address: 2435 East North St., Suite 105, Greenville, SC 29615

Together with all and singular the rights, members, hereditaments and appurtenances to said premises belonging or in any wise incident or appertaining; to have and to hold all and singular the premises before mentioned unto the grantee(s), and the grantee's(s') heirs or successors and assigns, forever. And, the grantor(s) do(es) hereby bind the grantor(s) and the grantor's(s') heirs or successors, assigns, executors and administrators to warrant and forever defend all and singular said premises unto the grantee(s) and the grantee's(s') heirs or successors and assigns and against every person whomsoever lawfully claiming or to claim the same or any part thereof.



10-16-2003 01:26:52

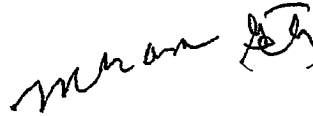
RECORDING FEE

BOOK 2059 PAGE 1460

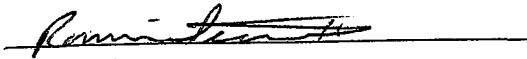
WITNESS the grantor's hand and seal this October 14, 2003.

SIGNED, sealed and delivered
in the presence of:


(Witness)



Miriam Getz



(Witness)

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

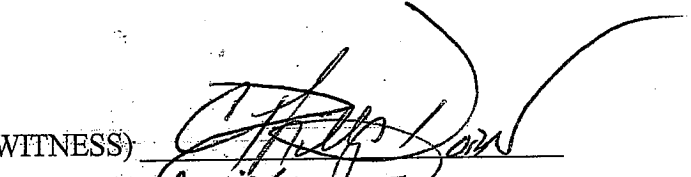
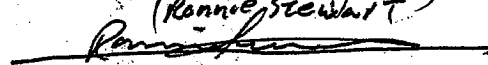
PROBATE

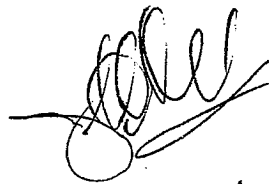
Personally appeared the undersigned witness and made oath that (s)he saw the within named grantor sign, seal and as the grantors' act and deed, deliver the within written deed and that (s)he, with the other witness subscribed above, witnessed the execution thereof.

SWORN to before me this
OCTOBER 14, 2003.

 (SEAL)
NOTARY PUBLIC for South Carolina
My Commission Expires: ~~12/11~~ 7/4/13

(WITNESS)


(Ronnie Stewart)

witness

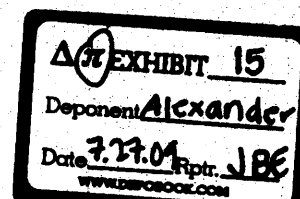

TH

Benefits of Pure Trusts

GOVERNMENT
EXHIBIT

5

- **Perfectly Legal**
- **Inexpensive to Manage**
- **Lawful to Own, Buy & Sell Anything**
- **Easy to Exchange Property**
- **Into used for Business and Assets**
- **Simple Do it Yourself Process**
- **Protection of Retirement**
- **Liability Protection**
- **Estate Engineering**
- **Privacy**
- **No Reporting Requirements**
- **Pays Reduced Taxes**
- **May Operate Businesses**
- **Continues after Death of Grantor**



WHO CAN USE A PURE TRUST?

Any person or type of business, regardless of the nature, size or current form of organization, is eligible to operate a Pure Trust Organization.

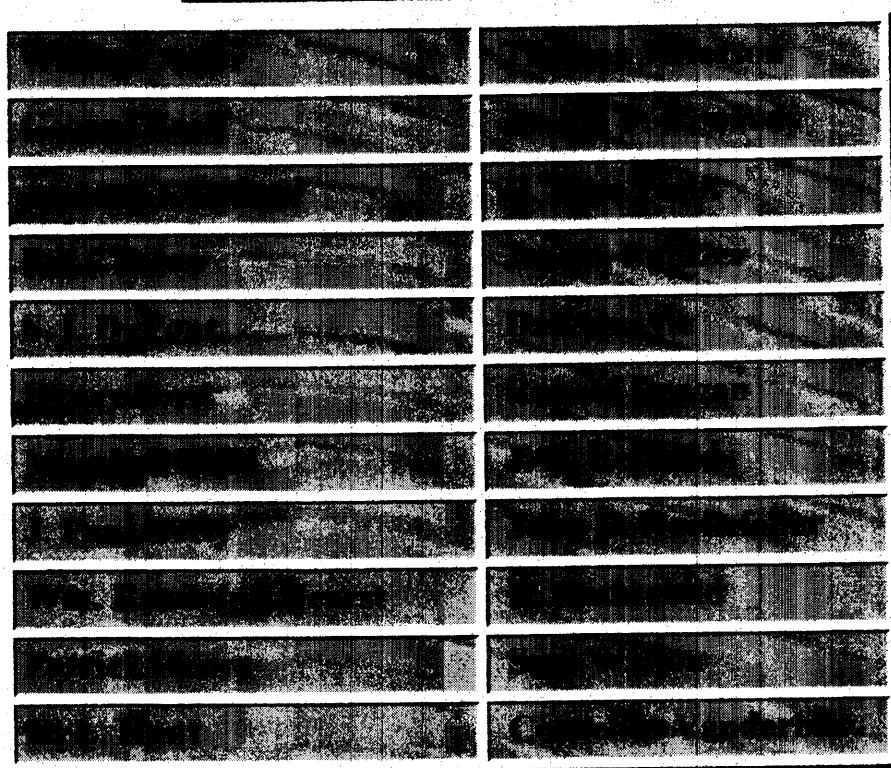
For example: *The Fidelity Magellan Fund*, one of the largest mutual funds in America, was reorganized in 1984 as a Pure Trust Organization.

Candidates for Pure Trusts

Short List

Any Self-employed Person	Manufacturers
Apartment Buildings	Ministers
Artist & Writers	Multilevel Sales People
Attorneys	Opticians
Chiropractors	Professional Services
Churches	Property Owners/Managers
Day Care Operators	Agencies/Agents
Dentists	Recreational Businesses
Doctors	Restaurant Owners
Franchise Operator	Rental Property
Health Practitioners	Sole Proprietors
Hotel/Motel Owners	Shop Owners
Independent Contractors	Service Providers
Insurance Brokers/Agents	Sports & Gun Dealers

Trust Hall of Fame



THE 8 COMMANDMENTS ABOUT YOUR RELATIONSHIP WITH A PURE TRUST

- 1. THOU SHALL NOT SAY, "I HAVE A TRUST," "MY TRUST," "MY COMPANY". A PURE TRUST OR L.L.C (Limited Liability Corporation). ARE NEITHER YOU, NOR YOURS. THEY ARE ENTITIES OF THEIR OWN, AND OPERATE INDEPENDENTLY FROM YOU.**
- 2. THOU SHALL SAY, "I AM THE MANAGER OR TRUSTEE". "I HAVE BEEN APPOINTED TO DO THE FOLLOWING BY THE BOARD OF TRUSTEES." BASICALLY YOU MAY SAY ANYTHING THAT DOES NOT IMPLY OWNERSHIP OR TOTAL CONTROL.**
- 3. THOU SHALL MAKE SURE THAT THE RECORDS AT ALL TIMES REFLECT THAT YOU ACT AS AN AGENT FOR THE TRUST, OR AS A MANAGER OR TRUSTEE, AND THAT YOU, PERSONALLY, ARE SUBORDINATE TO SOMETHING OR SOMEONE OTHER THAN YOURSELF.**
- 4. THOU SHALL KEEP GOOD AND ACCURATE RECORDS. IRS AUDITOR TOM HEALY WAS QUOTED AS SAYING. "THE REASON THAT THIS TYPE OF TRUST WORKS FOR CONCERNS LIKE THE ROCKEFELLER'S AND NOT FOR YOUR MAIN STREET BUSINESSMEN, IS BECAUSE THE ROCKEFELLER'S HAVE MANAGERS"**

**THE IMPORTANCE OF PROPER MANAGEMENT AND RECORDS
CANNOT BE OVEREMPHASIZED!**

5. THE TRUST SHALL NOT PAY FOR ANYTHING OUT OF ITS BANK ACCOUNT FOR ANYTHING THAT YOU PUT IN OR ON YOU. EXAMPLE: PERSONAL OR FAMILY CLOTHING, FOOD, GROCERIES, ETC. REMEMBER, YOU AND THE TRUST ARE SEPARATE ENTITIES. IF YOU DO NOT WANT IT TO BE DECLARED YOUR ALTER EGO, THEN YOU MUST NOT ACT AS IF IT IS YOU!

6. THOU SHALL NOT ANSWER ANY QUESTIONS FROM ANY GOVERNMENTAL AGENCY, STATE OR FEDERAL, ABOUT THE TRUST. FORWARD ALL QUESTIONS, AND PEOPLE WITH QUESTIONS, TO THE TRUSTEE, IN WRITING, AND NOT BY PHONE.

7 THOU SHALL REMEMBER THAT YOU DO NOT OWN THE ASSETS IN THE TRUST, BUT USE OR MANAGE THEM UNDER CONTACT WITH THE BOARD OF TRUSTEE.

8. THOU SHALL ALSO REMEMBER TO USE THE TRUST'S E.I.N. NUMBER FOR EVERYTHING, AND NEVER YOUR SOCIAL SECURITY NUMBER.

In our research we scrutinized hundreds of court decisions to find out what qualities made certain types of Trusts un-penetrable by judges, the IRS and other creditors. The Trusts have been structured after Contracts of Trust that have been challenged and tested to withstand the most intense scrutiny of the Courts, the IRS and Creditors and still remain intact. We researched all IRS Regulations regarding Trusts. We also thoroughly researched American Jurisprudence, the American Law Review plus volumes of other law books and documents on Trusts and Contracts of Trust.

The contract in Pure Trust Form comes under the realm of equity under Common Law. This is the type of asset protection that the wealthiest people in the world use. While Statutory Trusts rely upon statutes that can be changed at the whim or greed of the legislators, the contract of Pure Trust takes its protections from the Constitution, and any law contrary to it is NULL and VOID. There is NO higher earthly law.

Other Types of Trust Organizations

UNINCORPORATED BUSINESS ORGANIZATION (UBO) OR CONTRACTUAL COMPANY

A UBO combines the greatest benefits of a Sole Proprietorship, Partnership and Corporation, without the restrictions of either entity. The problem with a corporation is that, because it is a creation of the corporate State, it can be regulated and taxed by it. A Corporation is an "artificial entity," owing its existence to the charter power of the corporate state, and does NOT have "unalienable" Constitutional Rights. It only has very limited "*granted*" rights.

The tax burdens and regulatory requirements of a corporation are overwhelming. A Limited Liability Company is also a Statutory entity providing few benefits over a corporation. A sole Proprietorship or partnership leave the personal; assets of the principals exposed. A UBO is a creation of the Sovereign and has **no duty to the state** and CANNOT be regulated by it! It is a PRIVATE way for private Citizens

o do business without governmental red tape or interference.

FAMILY PRESERVATION ORGANIZATION

A separate Family Preservation Organization is an intelligent way to protect property as you accumulate it. Dividing assets into different Trusts provides the maximum in asset protection. Although, the assets in the Contract of Pure Trust are contractually non-attachable (*except in the case of crime or fraud*), multiple Contracts of Trusts provide an added layer of protection, especially for property that has potential of creating a liability. Remember, if in a worse case scenario a Trust is penetrated, nothing outside of that particular Contract of Trust can be taken. For that reason, property that may be particularly vulnerable to suits should be placed in separate Contracts of Trusts. Also, a UBO should always contain a minimum of assets (*i.e. a desk, a chair, and a typewriter*).

SAFE HAVEN TRUST

There should also be a Trust that is absolutely separate from you. In this Trust, rather than transferring property from your name into the name of the Trust, you merely purchase new property directly in the name of the Trust. Do not write checks from your personal account or accounts attached to you to this Trust. (*you can use the Banking Trust for that*) This will provide an extra safe haven for your assets.

PURE TRUST DEFINITIONS

Below, are some specific items that you may or may not have a need to deal with in working with Trusts. Most of the items are pretty self-explanatory and you should understand the reasoning behind each one.

No. of copies of document: Although most officers will want a copy for their records, it is really not necessary or required to provide all officers with their own copy of the TRUST document. There is only one copy that is considered to be the official "copy" and that one is always held by the Trust Officer for the First Trustee. That copy, along with all future Minutes that are recorded, should be always kept in a safe place. If stored electronically, always save a back-up copy off-site.

Situs Address: The Situs address is one that establishes what laws and jurisdiction prevails over the establishment of the Declaration of Trust. You may use your own mailing location, or some professionals prefer locations such as Belize or Cayman Islands, etc. You are always free to move the Situs of the TRUST. Because of the way the document is written, that would reestablish the governing rules for the TRUST to that new location. Depending on your particular situation and desires, that could be advantageous.

Mailing Address: The mailing address is assumed to be the Situs address unless specifically changed with an appropriate Minute. The mailing address does not have to be the same as the Situs address. For best results, you could consider leaving the Situs address as your mailing location and then draft a Minute, changing the mailing address if you find it necessary.

Name of Trust: The name of the TRUST is unimportant as long as it is established as a Declaration of Trust. Some people like to use a name with the suffix "Holding Trust", "Management Trust", etc.... Others prefer suffixes like "Foundation or Group", etc. You can not, however, make it appear as a

banking or traditional financial institution. Most people simply choose a name of a city, town, product or service as the basis of the TRUST name.

One thing to watch out for is you don't want to use the words "Corporation", "Company", "Partnership", etc. it would imply this is something other than a Declaration of Trust which is a Contractual Agreement organizing to do business. The proper terminology for the identification of this TRUST is a "Declaration of Trust". It is also known as an Unincorporated Trust Organization by Contract.

SETTLOR, First Trustee and Beneficiary: There are three main parties to a TRUST. The SETTLOR, First Trustee and the Beneficiary(ies). The SETTLOR and the First Trustee contract amongst themselves to start the TRUST for the benefit of the third party, the Beneficiary. The SETTLOR is someone that is protecting the Beneficiary's interests, and wants to donate the initial \$100.00 into the account of the TRUST. This \$100.00 is a total gift by the SETTLOR and is now considered principal of the TRUST, until such time that it is paid out as income to the Beneficiary.

The SETTLOR decides who the Beneficiaries are and how the TRUST is structured, but beyond that, the First Trustee takes over day-to-day operations of the TRUST. The First Trustee now has the right to bring on additional Trustees, called Secondary Trustees, to help oversee the operation of the TRUST or to run specific aspects of it.

The Beneficiaries of the TRUST are the ultimate recipients of any and all income derived from the TRUST activities so be sure how you place people in this position. The easiest structure to setup is one where you become the First Trustee. A very close friend or coworker is signed on as the SETTLOR and your children become the beneficiaries. This is an example of how a Trust is generally setup, but you by no means have to follow this guideline.

One rule to watch out for. The three parties must be separate individuals or entities. You can not be the Beneficiary of a TRUST in which you are the First Trustee. That is a highly precarious situation. One in which you don't want to become involved. Everyone knows one or two individuals they can trust well enough to place assets in their care. The reasoning is that you want to CONTROL everything but not to OWN anything. Therefore, if you control the TRUST, which owns all of the assets, you control what was the assets you used to own. What is the difference in doing that and you owning your assets and controlling them? Nothing, except for now, you're judgment proof. No one can sue you and win something that is not yours, right?

One word about Grantor-Trustee. A SETTLOR is presumed to be giving the initial assets to the Beneficiaries. If it is shown that the SETTLOR still retains control of the assets, it will be judged that the SETTLOR is in fact a Grantor-Trustee. The income from the TRUST assets will then be taxable to the SETTLOR even while the assets remain in the possession of the TRUST. This is why we said it would be safe to choose a close friend to be the SETTLOR. The SETTLOR has initial desires and wishes to make a gift, but beyond that, they relinquish all control over that gift to the First Trustee. Also, a SETTLOR can not have any financial interest in any present or future endeavor that the TRUST embarks upon. Be careful who you choose for the SETTLOR position.

Secondary Trustees: Any Secondary Trustees must sign the Minute pertaining to their appointment.

Trust Certificate Unit Holders: The Beneficiaries are the Trust Certificate Unit Holders. Wherever you refer to and place beneficiaries in this document, always remember to list those names with the proper

number of T.C.U.s that are issued. There are always no more and no less than 100 T.C.U.s issued at any time. It is the Settlor's initial choice to divide these up in any way they want.

Signatures: Anywhere there is a space for a Witness' signature, you must find a witness to sign.

Declaration of Trust, Trust Indenture, Trust Bylaws and Meeting Minutes: These headings are pretty self-explanatory. The Declaration of Trust is the general guideline or set of rules that is established as the basis for the TRUST. The Trust Indenture is a more detailed version of the preceding information. The Trust Bylaws are the specific rules that govern the TRUST. They spell out some detailed do's and don'ts of what is allowed. The Meeting Minutes are the documentation of the day-to-day activities of the running of the TRUST.

First Secretary, Trust Manager: You may appoint a First Secretary. This title is placed here for those times when you can not or choose not to be listed as the First Trustee. You have a couple of options. One is to be signed on as the First Trustee or to take the position as General Trust Manager. You'll notice that if a Trust Manager is appointed, they take over day-to-day activities. Whereas, a First Secretary simply watches over everything and can literally veto anything they don't like.

The best position is still the First Trustee. As you'll read in the trust document, the First Trustee can not be terminated whereas the other positions can be. REMEMBER THIS!

Meetings: The Bylaws briefly mention the various meetings that would be called from time to time. These are required for a Trust to be legal. It is here that it is established that all meetings can be held anywhere in the World. This is a great benefit to have. Any restricted version of this clause would need to be addressed in a Minute.

Privacy: The Bylaws grants the Beneficiaries immunity from disclosure. Under no circumstances will a TRUST officer be allowed to disclose the identities of the Beneficiaries. Therefore, no non-officer shall be permitted to view any documents of this Trust Organization except for the "Declaration of Trust" and the "Trust Indenture" sections of the original formation agreement.

The Meeting Minutes grant you the privacy you need to conduct your business affairs the way you see fit. Any additions to the TRUST assets, beyond the initial \$100.00, must be documented with appropriate Minutes. Therefore, anything this TRUST does from here on out, will be private and against the wishes of the SETTLER and the Board to be disclosed to anyone without just cause or demand.

Successor-Trustee: It is highly advisable to immediately find a Successor-Trustee. Don't delay this appointment very long. It could be crucial to the ongoing, uninterrupted nature of this Trust organization.

Additional Structures / Layers of Protection: Some astute business persons choose to add layers of protection by setting up additional Trusts. They'll use a combination of the Family and Management Programs to create an intermingled diversion of entities. Sometimes, these additional layers can provide the extra protection to totally render yourself judgement-proof.

Fraudulent Conveyance: The one thing to remember in a scenario of Fraudulent Conveyance is that the creditors will want to set-aside or disallow any transfer of assets which could have been used as collateral for a debt owed them. If you are going to transfer assets out of your possession, into a Trust, for reasons of avoiding present creditors, you will need to show that your "transfer" was an attempt to settle a debt with a creditor. It's not your fault there's not enough assets to go around to settle up with all the creditors.

if there were, you wouldn't be in this predicament, now would you?

You need to arrange to have another Trust to place a lien against your assets with a monetary value that will exceed the value of merchandise being transferred. This will clearly show that your transfer was in an attempt to clear a lien. Just be very careful who operates that other Trust and how their names are tied to the present operating Trust you are setting up. Those Trust officers should be totally different, if possible.

If you want total protection from disclosure of transfer information to any official authorities of ANY country, you'll want to set up an Offshore Trust. No matter what the reason for the transfer, places such as Belize will not allow any documents to be placed into the hands of inappropriate parties. Since this document is NOT recorded in any state, country or registrar, there is built-in protection from improper disclosure. The offshore Trust's situs can be directed to offshore if you wish. You will need to change the jurisdiction of the Trust in an appropriate Minute.

Multilayered Trusts: In creating multiple Trusts and multilayered Trusts, the main objective is to create a diversion of paperwork and closed doors for an outsider trying to pry into your affairs. Therefore you need to understand the simple basics of outlining these structures.

The easiest way to understand this is to think of each Trust as a real person. When drawing out your examples on paper, outlining the flow of funds, etc. use real person's names for your example Trusts to clearly understand their relationship with each other.

The easiest example to use for creating an information trail that eventually closes off is having a second Trust be the Beneficiary of the first Trust. Then you could have a third Trust be the Beneficiary of the second Trust and so on until you've created enough of a stair-step that prevents any information leaks from disclosing any identities that should remain discreet. The principal parties, whose identities you're trying to keep a secret would be placed as the Beneficiary of the last Trust in the chain.

Parent/Underlying Trusts: In the example of a Parent/Underlying Trust, the scenario is that one Trust is either the overall umbrella (*or Parent, if you will*) that is the parent/controlling entity over all the other Trusts. This works if one Trust wants to diversify and yet have some of the same officers running the subordinate Trusts. In this example, the Parent Trust could be the SETTLOR of the subordinate Trusts. You could use the same or some of the same Trustees for the Subordinate Trusts. This allows you to name different Beneficiaries for different business purposes.

An Underlying Trust is one that is named as Beneficiary of several Trusts. All the Trusts are created for the ultimate benefit of the one Trust. This can be used if someone has limited family and wants to diversify. All the diverse business activities will eventually benefit the one Beneficiary, who himself, operates as a Trust entity as well.

Brother/Sister Trusts: Brother/Sister Trusts are ones in which they share managing directors or Trustees. They may have different Settlor's and/or different Beneficiaries but essentially, these are the diverse Business Trusts that will eventually funnel down to an Underlying entity. They are also the diverse Trusts that may have the same SETTLOR as in the Parent Trust. These Trusts are usually the "working" Trusts that generate most of the revenues for either a Parent or Underlying entity. Since they may have some of the same directors/Trustees, be very careful as to how they relate to each other so that none of the Trust officers jeopardizes their fiduciary relationships with their respective Beneficiaries.

Fee Simple: Estate in which an owner and his heirs have unconditional power of disposition. (*The Pure Trust Organization holds the real and/or personal property in "fee simple".*)

Fiduciary Capacity: When the business which one transacts, or the money or property which one owns, is not his own or for his benefit, but for the benefit of another person. (*This term is similar to the word "trust", which is defined as Property which is held for the benefit of another. The primary difference between these two terms is that Fiduciary capacity" refers to a transaction which one does for another, while "trust" is related to the holding of property for the benefit of another.*)

Indenture: A written contract or agreement. (*The Pure Trust document is the "indenture".*)

Inure: Resulting; to result.

Tenants in Common: Where two or more hold the same property under different names. (*The certificate Holders may hold the units as Tenants in commons.*)

A FEW COURT DECISIONS ON TRUSTS

1. CALDWELL Vs. HILL, 176 SE 383 (1934) - U.S. ADOPTED COMMON LAWS OF ENGLAND WITH THE CONSTITUTION.

2. ELLIOT Vs. FREEMAN, 220 U.S. 178 (1911) - A TRUST IS NOT DEPENDENT ON THE STATUTORY LAW.

3. BURNETT Vs. SMITH, 240 SE 1007 (1922) - A TRUST IS A LEGAL ENTITY.

4. SCHUMANN-HEINK Vs. FOLSOM, 159 NE 250 (1927) - IF IT IS FREE OF CONTROL BY TRUST CERTIFICATE UNIT HOLDERS, THEN IT IS A PURE TRUST

5. BERRY Vs. MCCOURT, 204 NE 2ND 235 (1965) - A PURE TRUST IS A CONTRACTUAL RELATIONSHIP IN TRUST FORM.

6. GOLDWATER Vs. OTTMAN, 292 P 624 (1930) - A BUSINESS TRUST IS LAWFUL WHEREVER CONTRACTS ARE LAWFUL.

7. BAKER Vs. STERN, 58 AIR 462 - A TRUST IS A VALID BUSINESS ORGANIZATION.

8. REEVES Vs. POWELL, 267 SW 328 - A TRUST IS A VALID BUSINESS ORGANIZATION.

9. EDWARDS Vs. CIR, 415 F. 2D 573 - A CONTRACT CANNOT BE SET ASIDE BECAUSE IT SAVES ON TAXES.

10. WILLIAM Vs. CITY OF MILTON, 102 NE 355 - CLASSIC OLD CASE ON TRUSTS

11. BARNETTE Vs. MCNULTY, 516 P. 2D 583, AND CARRILLO Vs. TAYLOR, 299 P. 2D 188 - ESSENTIAL ELEMENTS OF A TRUST ARE A COMPETENT SETTLOR AND TRUSTEE; CLEAR

